March 24, 2026

Shekhawati Entrepreneur Private Limited: Long-term rating upgraded; short-term rating assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Overdraft	5.00	0.00	-
Long-term – Fund-based – Overdraft	0.00	15.00	[ICRA]BB-(Stable); upgraded from [ICRA]B+ (Stable); assigned for enhanced amount
Short-term – Non-fund based – Bank guarantee	0.00	5.00	[ICRA]A4; assigned
Long-term – Fund based – Term loan	0.00	5.00	[ICRA]BB-(Stable); upgraded from [ICRA]B+ (Stable); assigned for enhanced amount
Long term – Fund-based – Bill discounting (channel financing)	0.00	4.50	[ICRA]BB-(Stable); upgraded from [ICRA]B+ (Stable); assigned for enhanced amount
Long-term/Short-term – Unallocated limits	0.00	10.50	[ICRA]BB- (Stable) upgraded from [ICRA]B+ (Stable); assigned for enhanced amount /[ICRA]A4 assigned
Total	**5.00**	**40.00**	

Instrument details are provided in Annexure I

Rationale

The long-term rating upgrade and assignment of short-term rating for Shekhawati Entrepreneur Private Limited (SEPL) takes into account the equity infusion of Rs. 8 crore by the promoters in 9M FY2026 and the consequent improvement in the company's leverage and liquidity position. The ratings factor in SEPL's order book position of ~Rs. 177 crore as of December 2025, which translates into an OB/OI (of FY2026 estimated) of 1.8 times, providing medium-term revenue visibility. ICRA notes that the company secured additional working capital lines of Rs. 14.5 crore in YTD FY2026 and repaid a part of the unsecured loans (USL) extended by the promoters.

The ratings, however, remain constrained by the company's modest scale of operations (~Rs. 90-110 crore estimated in FY2026 and FY2027), its low operating profit margin (of ~5-8%) and net worth of Rs. 15.4 crore (as on December 31, 2025, provisional), resulting in high leverage with TOL/TNW at 2.1 times. SEPL operates predominantly as a subcontractor to larger engineering, procurement and construction (EPC) players in the road construction segment. It has recently diversified into the car dealership business, both of which exert pressure on its margin profile. ICRA expects need-based and timely funding support from promoters, as demonstrated in the past and reflected in USL of Rs. 5.4 crore as of December 2025, to be forthcoming in case of any cash flow mismatches. Further, the company's revenue and profitability will remain susceptible to intense competition and the tender-driven nature of the construction industry. Additionally, it is exposed to cyclicality in the automobile demand (given its recent entry into the automobile dealership business).

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will sustain its scale of operations, given the outstanding OB. The company's coverage metrics are likely to remain commensurate with its rating level, despite operating margins being range-bound.

Key rating drivers and their description

Credit strengths

Adequate order book position providing revenue visibility – SEPL had an unexecuted OB of ~Rs. 177 crore as on December 31, 2025, translating into order book/estimated operating income (OB/OI) of FY2026 of 1.8 times, providing medium-term revenue visibility.

Improved capital structure with infusion of equity – The promoters infused Rs. 8 crore of fresh capital into the business in 9M FY2026. This apart, the promoters have extended unsecured loans of Rs. 5.4 crore in SEPL. This funding support has strengthened the company's capital structure by augmenting the net worth base, thereby improving leverage indicators, as reflected in TOL less promoter debt/ TNW of 0.8 times as on December 31, 2025 Vs. 1.2 times as on March 31, 2025.

Credit challenges

Modest scale of operations with high working capital intensity – SEPL has a limited track record of operations, having started its operations in FY2020. Its financial profile remains constrained by a modest scale (Rs. 90-95 crore in FY2025 and FY2026 estimated), low margins (3-4%) and net worth (Rs. 15.4 crore as of December 2025). High working capital intensity, driven by elevated inventory/unbilled revenue levels and elongated debtor days, resulted in increased reliance on external borrowings. While the equity infusion led to an improved leverage metrics, the same continues to remain elevated, with TOL/TNW at 2.1 times as on December 31, 2025 (Vs. 3.4 times as on Mar 31, 2025). Given the scale-up in operations, its ability to improve profitability and judiciously manage its working capital cycle remains important from the credit perspective.

Exposure to non-core PV dealership business – In YTD FY2026, the company ventured into the Honda four-wheeler dealership business. It has set-up a showroom and an authorised service centre at Udaipur (Rajasthan), which became operational in February 2026. While this would provide an additional revenue stream, the diversification exposes the company to risks associated with a business model that differs from its core operations, including inventory-holding requirements, dependence on principal OEM policies, and sensitivity to cyclical automobile demand. The pace of ramp-up and stabilisation in dealership operations, margin profile and funding requirements will be the key monitorable.

Liquidity position: Adequate

The company's liquidity position is expected to adequate, with cash flows from operations and buffer in working capital limits supporting the near-term funding requirements. Apart from equity infusion during the year, its fund-based working capital limits stood enhanced to Rs. 19.5 crore (from earlier Rs. 5 crore) as of January 2026. The average utilisation of the overdraft facility over the trailing 13 months that ended in February 2026 stood at ~60%, indicating buffer in the limits. As against the liquidity available, the company has repayment obligations of ~Rs. 3 crore in FY2027 and no major capex plans. Timely sanction of additional NFB limits (currently at Rs. 5 crore) and enhancement of fund-based lines will be imperative to support the company's scaling-up plans.

Rating sensitivities

Positive factors – Sustained and significant improvement in scale of operation and net worth, along with improvement in liquidity position, will be crucial for a rating upgrade.

Negative factors – Pressure on SEPL's rating could arise if there is a significant decline in the scale of operations due to slow fresh order addition or delays in execution. Further, any substantial deterioration in the working capital cycle or major debt-funded capex or investments in non-core business, which adversely impacts the company's leverage metrics and/or liquidity position, would be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology on Construction
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of SEPL.

About the company

Incorporated in 2009, Shekhawati Entrepreneur Private Limited (SEPL) is an EPC player based out of Rajasthan. The company is primarily involved in road, bridge, canal works, mostly on a sub-contracting basis for private players. SEPL has undertaken projects across Rajasthan and Maharashtra. Additionally, it is involved in optical fibre laying, precast manhole manufacturing and RCC Hume pipes production. In February 2026, the company has also opened a dealership for Honda cars at Udaipur (Rajasthan).

Key financial indicators (audited)

SEPL (Standalone)	FY2024	FY2025	9M FY2026*
Operating income (Rs. Crore)	57.1	91.3	41.8
PAT (Rs. Crore)	0.5	2.6	2.1
OPBDITA/OI (%)	2.2%	4.9%	8.7%
PAT/OI (%)	0.8%	2.9%	5.0%
Total outside liabilities/Tangible net worth (times)	5.1	3.4	2.1
Total debt/OPBDITA (times)	5.5	1.9	4.1
Interest coverage (times)	13.1	8.2	4.7

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	March 24, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based- Overdraft	Long term	15.00	[ICRA]BB- (Stable)	-	-	-	-	-	-	-	-
Non-fund based - Bank guarantee	Short term	5.00	[ICRA]A4	-	-	-	-	-	-	-	-
Fund based - Term loan	Long term	5.00	[ICRA]BB- (Stable)	-	-	-	-	-	-	-	-
Fund Based - Bill discounting (channel financing)	Long term	4.50	[ICRA]BB- (Stable)	-	-	-	-	-	-	-	-
Unallocated limits	Long term/ Short term	10.50	[ICRA]BB- (Stable)/ [ICRA]A4	-	-	-	-	-	-	-	-
Overdraft	Long term	0.00	-	May 19, 2025	[ICRA]B+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term-Fund Based- Overdraft	Simple
Short term – Non-fund based - Bank guarantee	Simple
Long term – Fund based - Term loan	Simple
Long term- Fund Based - Bill discounting (channel financing)	Simple
Long term/Short term - Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Overdraft**	NA	NA	NA	15.00	[ICRA]BB- (Stable)
NA	**Bank guarantee**	NA	NA	NA	5.00	[ICRA]A4
NA	**Term loan***	FY2026	-	FY2031	5.00	[ICRA]BB- (Stable)
NA	**Bill discounting (channel financing)**	NA	NA	NA	4.50	[ICRA]BB- (Stable)
NA	**Unallocated limits**	NA	NA	NA	10.50	[ICRA]BB- (Stable)/ [ICRA]A4

*Source: Company; *Multiple term loan with issuance in FY2026 and different repayment tenure, final maturity in FY2031.*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis - Not applicable

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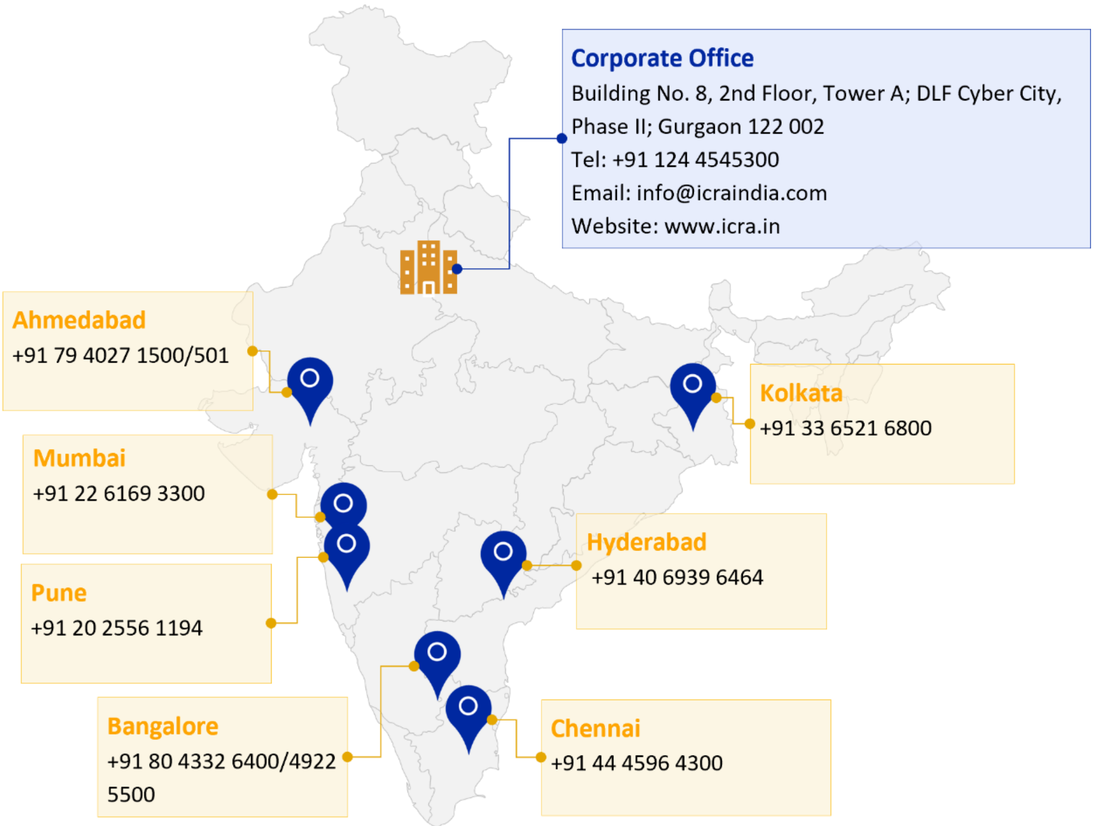

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