

May 29, 2026

S R Construction: [ICRA]BB-(Stable)/[ICRA]A4; assigned

Summary of rating action

Instrument [^]	Current rated amount (Rs. crore)	Rating action
Long-term - Fund based- Cash credit	12.00	[ICRA]BB- (Stable); Rating assigned
Short-term – Non-fund based- Bank guarantee*	(12.00)	[ICRA]A4; Rating assigned
Short-term – Non-fund based- Bank guarantee	14.65	[ICRA]A4; Rating assigned
Total	26.65	

[^]Instrument details are provided in Annexure II; * Sublimit of CC

Rationale

The assigned ratings factor in the extensive experience of SR Construction (SRC) in the engineering, procurement, and construction (EPC) segment for construction and maintenance of roads and related civil construction activity, supported by a long track record of successful project execution. Further, SRC is a registered road contractor with key Government authorities such as the National Highways Authority of India (NHAI), Public Works Department (PWD), and Uttar Pradesh Public Works Department (UPPWD), among others, which supports its ability to secure incremental business and bid for EPC contracts from these reputed clients. ICRA notes SRC's moderate leverage and satisfactory debt protection metrics, with an estimated interest coverage of about 9.4 times and a debt service coverage ratio (DSCR) of about 2.6 times as on March 31, 2026. The firm's operating income increased to Rs. 94.3 crore in FY2026 (provisional) from Rs. 64.4 crore in FY2025, primarily driven by higher order execution. Further, with an outstanding order book of around Rs. 142 crore as on March 31, 2026, SRC has short-term revenue visibility.

The ratings are, however, constrained by SRC's small scale of operations and a modest net worth base, although the same is expected to gradually improve in the medium term, supported by the increase in orders and the firm's improving credentials to execute larger projects. The ratings are further constrained by the moderate order book of around Rs. 142 crore as on March 31, 2026, which largely comprises a few large projects scheduled to be executed over the next 1-1.5 years. Further, SRC is exposed to geographical concentration risk with orders being executed primarily in Uttar Pradesh, Jharkhand and Gujarat, along with high client concentration risk over the last few years. ICRA notes that since SRC is a partnership firm, any significant withdrawal by partners could adversely affect its net worth, capital structure and liquidity, which remains a risk.

The Stable outlook on the long-term rating reflects ICRA's expectations that SRC will be able to sustain its scale of operations, supported by timely and efficient execution of its existing order book and its demonstrated ability to secure new orders on a regular basis.

Key rating drivers and their description

Credit Strengths

Longs experience of promoters in construction sector – SRC was established in 2008 by Mr. Shobha Ram Sharma and Mr. Parsuram Sharma, both of whom has over three decades of experience in executing EPC contracts in the road infrastructure segment. His experience spans construction of roads, including bridges and overpasses, as well as the operation and maintenance (O&M) of road infrastructure projects. The promoter's extensive industry experience supports SRC's execution capabilities and operational understanding of EPC contracts.

Reputed client profile – SRC is registered contractor for various Government authorities such as the NHAI, UPPWD, and other development authorities. The company has successfully executed multiple small-to-moderate sized projects across Uttar Pradesh, Gujarat, and Jharkhand, reflecting its execution capabilities and familiarity with Government contracting norms.

However, given the modest ticket size of projects executed so far, SRC’s ability to secure fresh orders on a sustained basis will remain critical for maintaining revenue growth momentum beyond the current order book.

Credit Challenges

Small scale of operation and moderate order book position – SRC remains a small-sized player in a highly competitive EPC industry, as reflected in its modest estimated operating income of around Rs. 94 crore in FY2026. Further, the firm’s unexecuted order book remains moderate at about Rs. 142 crore as on March 31, 2026. Accordingly, any slowdown in order inflows could constrain the scale of operations over the medium to long term.

High client and geographical concentration risks – The firm remains exposed to high client and project concentration risks, with the top two customers accounting for almost 100% of the total construction EPC outstanding order book as on March 31, 2026. Additionally, the geographical concentration of revenues remains high, with a significant portion of the firm’s unexecuted order book being derived from projects located in Uttar Pradesh and Jharkhand.

Inherent risk of partnership nature – SRC is exposed to risks associated with its partnership nature, including the risk of capital withdrawals by partners. The firm has witnessed regular capital withdrawals over the past few years, and any such withdrawal remains a key monitorable going forward, as it could impact the capital structure and financial flexibility.

Liquidity position: Stretched

The liquidity position of the firm is Stretched, mainly on account of limited net cash accruals and the low buffer available in its fund based and non-fund based limits as of March 2026. The firm has debt servicing obligation of Rs. 5.4 crore and Rs. 2.2 crore each in FY2027 and FY2028. The firm does not have any major capital expenditure (capex) plans in the near term, which provides some comfort to its liquidity profile. The company’s expected cash flows and the need-based support from the promoters, would remain critical for meeting any potential cash flow mismatch.

Rating sensitivities

Positive factors – The ratings of SRC may be upgraded in case of sustained increase in its revenue and earnings leading to strengthening of its net worth and improvement in liquidity position.

Negative factors – Pressure on the ratings could arise if the firm’s scale and earnings decline significantly, leading to a deterioration in its debt protection metrics on a sustained basis. Further, any significant stretch in the working capital cycle, large debt-funded capex, or any large capital withdrawal resulting in a deterioration in the firm’s liquidity and financial risk profile, could also result in a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the company’s standalone financial profile.

About the company

The company was incorporated in 2008 by Mr. Shobha Ram Sharma and Mr. Parsuram Sharma. The firm is in Mathura, Uttar Pradesh and undertakes EPC contracts for the NHAI, UPPWD and other development authorities. The firm mainly undertakes civil construction work for building roads including bridges and overpasses. The firm’s activities are majorly focused in Uttar Pradesh, Jharkhand and Gujarat. The projects are typically secured through competitive bidding and long relationships with the NHAI and the PWD, managed by a dedicated bidding team.

Key financial indicators (audited)

S R Construction - Standalone	FY2024	FY2025	FY2026*
Operating income	74.4	64.4	94.3
PAT	2.8	2.6	5.0
OPBDIT/OI	6.8%	12.5%	14.0%
PAT/OI	3.8%	4.0%	5.3%
Total outside liabilities/Tangible net worth (times)	1.2	0.8	1.1
Total debt/OPBDIT (times)	0.1	1.1	1.6
Interest coverage (times)	97.5	9.7	11.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *provisional numbers provided by firm

PAT: Profit after tax; OPBDIT: 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 rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs crore)	May 29, 2026	Date	Rating	Date	Rating	Date	Rating
fund based-Cash Credit	Long-term	12.00	[ICRA]BB- (Stable)	-	-	-	-	-	-
Non-fund based- Bank Guarantee*	Short-term	(12.00)	[ICRA]A4	-	-	-	-	-	-
Non-fund based- Bank Guarantee	Short-term	14.65	[ICRA]A4	-	-	-	-	-	-

* Sublimit of CC

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI

Sr. No.	Activity Name	FSR
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term-Fund based- Cash credit	Simple
Short-term – Non fund based- Bank Guarantee*	Simple
Short-term – Non fund based- Bank Guarantee	Simple

*(Sublimit of CC)

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term-Fund based - Cash credit	NA	NA	NA	12.00	[ICRA]BB- (Stable)
NA	Short-term – Non-fund based- Bank guarantee*	NA	NA	NA	(12.00)	[ICRA]A4
NA	Short-term – Non fund based- Bank guarantee	NA	NA	NA	14.65	[ICRA]A4

Source: Company *Sublimit of CC

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis: Not applicable

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