

October 07, 2026

Shri Aruna Constructions Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long Term – Fund Based – Cash Credit	7.00	7.00	[ICRA]BB (Stable); reaffirmed	RBI
Short Term-Non-Fund Based - Bank Guarantee	30.00	30.00	[ICRA]A4; reaffirmed	RBI
Total	37.00	37.00		

*Instrument details are provided in Annexure I

#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.

Rationale

ICRA has reaffirmed the ratings of Shri Aruna Constructions Private Limited (SACPL), supported by its adequate order book of around Rs. 441.6 crore as on July 31, 2026, which provides steady medium-term revenue visibility. The company's established clientele comprising various government departments and agencies, its demonstrated execution capabilities in civil construction projects, and the promoters' extensive industry experience also provide comfort. Further, the company's low dependence on external debt has translated into healthy debt protection metrics. ICRA also notes a largely stable operating profit margin (OPM) of 6-7% from FY2024 to FY2026.

The ratings, however, remain constrained by SACPL's modest scale of operations and the significant decline of around 45% in revenue in FY2026. The decline was primarily on account of slower execution of certain large projects. The company also faces geographic concentration risks, as its operations are largely concentrated in Karnataka. This exposes it to region-specific economic and political developments. Further, SACPL operates in a highly competitive construction industry and remains susceptible to execution-related risks, including project delays and cost overruns. The ratings are also constrained by the company's sizeable contingent liabilities in the form of bank guarantees, primarily issued towards performance obligations and security deposits. Nevertheless, ICRA derives comfort from the promoters' established execution track record and the absence of any instances of bank guarantee invocation in the past.

The Stable outlook reflects ICRA's expectation that SACPL will continue to benefit from the promoters' extensive industry experience and established execution capabilities. ICRA also expects the company to maintain a healthy order book position, which provides adequate revenue visibility over the medium term.

Key rating drivers and their description

Credit strengths

Adequate order book provides medium-term revenue visibility – SACPL has an order book of around Rs. 441.6 crore as on July 31, 2026, which provides adequate revenue visibility over the medium term. The order book comprises orders from reputed counterparties such as NCC Limited (NCCL), Public Works Department (PWD), Karnataka Housing Board (KHB), NCET and Karnataka State Police Housing & Infrastructure Development Corporation Limited (KSPH&IDCL). The firm's ability to secure new orders and improve work execution remains a key monitorable in the near term.

Comfortable financial risk profile – The company's financial risk profile remains adequate, characterised by a modest leverage position, with a TOL/TNW ratio of 0.7 times as on March 31, 2026. Supported by its limited dependence on external debt, the

interest coverage stood at 2.4 times in FY2026 and is expected to remain at moderate levels of 2.0-4.0 times over the near term.

Experienced promoters with long track record in construction industry – SACPL is promoted by Mr. J. Rama Raju and Mr. J. Venu Gopal Krishnam Raju, who collectively possess over two decades of experience in the civil construction industry, supporting the company's execution capabilities. The company is registered as a Class-I contractor with the Government of Karnataka, enabling it to undertake a wide range of state-funded infrastructure projects. SACPL primarily executes building construction projects for various government departments and agencies. These include the Karnataka Housing Board (KHB), Karnataka Health System Development & Reforms Project (KHSDRP), Karnataka State Road Transport Corporation (KSRTC), and Karnataka State Police Housing & Infrastructure Development Corporation Limited (KSPH&IDCL). The company also undertakes sub-contract works for NCC Limited (NCCL). Its clientele is predominantly concentrated among Karnataka government agencies, reflecting its established presence and execution track record in the state's public infrastructure segment.

Credit challenges

Modest scale of operations; significant revenue decline in FY2026 – SACPL's scale of operations remains modest, constrained by the slow progress of certain large projects, as billing/receipt is based on milestones. Consequently, operating income declined to Rs. 45.3 crore in FY2026 from Rs. 82.8 crore in FY2025. Revenues are expected to improve over the medium term as a few slow-moving projects have gained momentum. However, the scale of operations is likely to remain modest, limiting the company's operational and financial flexibility.

Order book exposed to high sectoral and concentration risks – SACPL remains exposed to significant geographical concentration risk, with its entire order book concentrated in Karnataka. The company also faces client concentration risk, as its top five customers collectively account for around 88% of the outstanding order book. Consequently, the company's ability to ensure timely execution of the existing order book, while broadening its client profile, will remain critical for sustaining revenue growth and maintaining operational stability over the medium term.

Highly competitive intensity in the construction segment – The ratings remain constrained by the company's customer concentration risk, given that its order book largely comprises civil construction projects awarded by government departments and agencies. Further, the civil construction industry is characterised by intense competition, owing to the relatively moderate complexity of projects. This exerts pressure on pricing and profitability. Nevertheless, SACPL's demonstrated track record of timely project execution provides some comfort and supports its competitive position. The ratings also factor in the company's sizeable contingent liabilities in the form of bank guarantees, primarily issued towards contractual performance obligations and security deposits. However, ICRA derives comfort from the promoters' established execution track record and the absence of any instances of bank guarantee invocation in the past.

Liquidity position: Adequate

SACPL's liquidity position remains adequate, supported by its moderate working capital utilisation and the expectation of steady cash generation from the business. The average utilisation of the fund-based facilities stood at around 63% of the sanctioned limits of Rs. 7.0 crore during the 12-month period ended July 2026. Nevertheless, the company's liquidity profile is expected to remain supported by its low annual debt repayment obligations of around Rs. 0.5-1.0 crore and the absence of any significant debt-funded capex plans in FY2027.

Rating sensitivities

Positive factors – The ratings could be upgraded if the entity demonstrates sustained improvement in its scale of operations, earnings and liquidity position.

Negative factors – Pressure on the ratings could arise if there is a significant decline in the scale of operations or operating margins, or if an increase in the working capital cycle weakens debt coverage indicators or the liquidity position on a sustained

basis. Specific credit metrics for ratings downgrade include interest coverage declining to less than 2.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Established in 2002, SACPL is a Bengaluru-based civil construction contractor. It mainly executes civil construction projects for government departments in the state through a mix of direct contract awards and subcontracted works. The company is promoted by Mr. J. Rama Raju and Mr. J. Venu Gopal Krishnam Raju, who bring over two decades of experience in the sector. SACPL is primarily engaged in the construction of buildings (commercial buildings, residential apartments, hospitals, schools, etc.) and other infrastructure projects in Karnataka.

Key financial indicators (Audited/Provisional)

SACPL (Standalone)	FY2025	FY2026*
Operating income (OI)	82.8	45.3
PAT	3.2	1.9
OPBDIT/OI	6.1%	7.1%
PAT/OI	3.8%	4.1%
Total outside liabilities/Tangible net worth (times)	0.8	0.7
Total debt/OPBDIT (times)	1.6	1.5
Interest coverage (times)	3.5	2.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * Provisional

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					
	Type	Amount Rated (Rs. crore)	Oct 07, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long term	7.00	[ICRA]BB (Stable)	Nov 10, 2025	[ICRA]BB (Stable)	Nov 13, 2025	[ICRA]BB (Stable)	Apr 24, 2023	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
				-	-	Jul 23, 2024	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	-	-
Bank Guarantees	Short term	30.00	[ICRA]A4	Nov 10, 2025	[ICRA]A4	Nov 13, 2025	[ICRA]A4	Apr 24, 2023	[ICRA]A4; ISSUER NOT COOPERATING
				-	-	Jul 23, 2024	[ICRA]A4; ISSUER NOT COOPERATING	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Cash Credit	Simple
Short Term-Non-Fund Based - Bank Guarantee	Simple

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 (in Rs. crore)	Current rating and outlook	Financial Sector Regulator#
NA	Cash Credit	NA	NA	NA	7.00	[ICRA]BB (Stable)	RBI
NA	Bank Guarantee	NA	NA	NA	30.00	[ICRA]A4	RBI

Source: Company

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[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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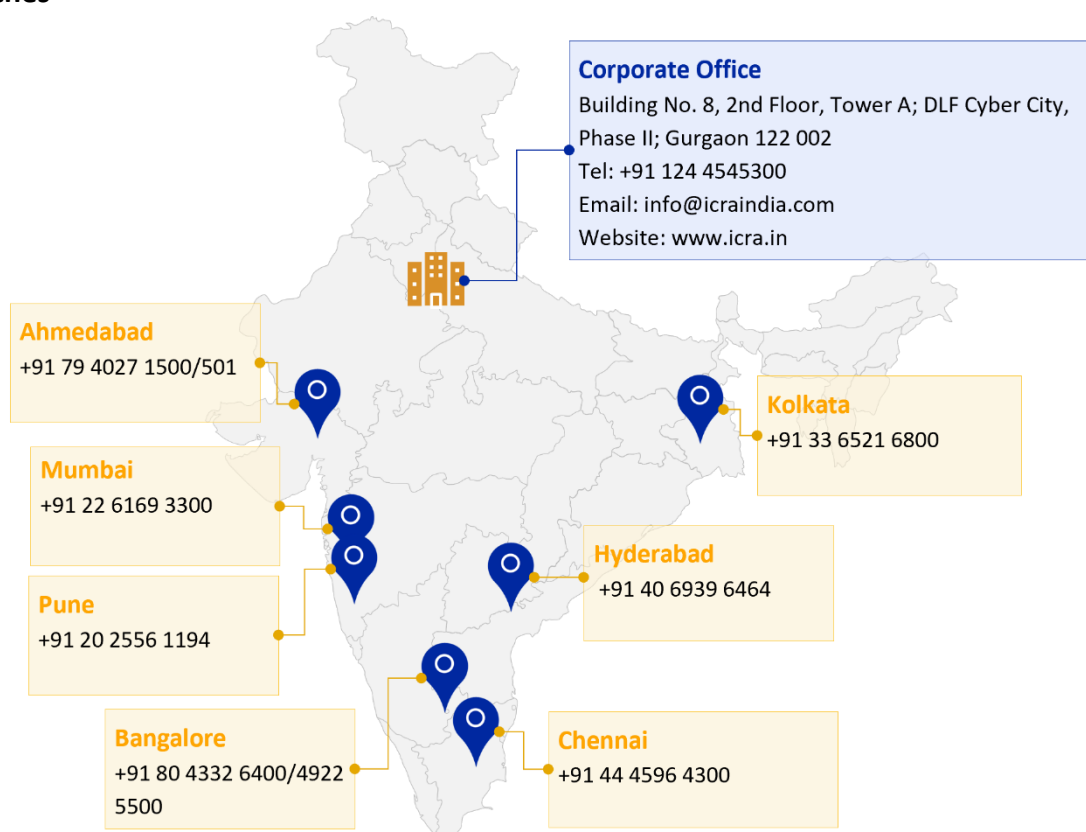
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