

July 09, 2026

Nandha Constructions: [ICRA]B+ (Stable)/ [ICRA]A4; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating Action
Long-term – Fund based – Working capital limits	18.00	[ICRA]B+ (Stable); assigned
Short-term – Non-fund based limits	24.00	[ICRA]A4; assigned
Long-term – Fund based – Term loans	16.69	[ICRA]B+ (Stable); assigned
Long-term – Unallocated limits	41.31	[ICRA]B+ (Stable); assigned
Total	100.00	

*Instrument details are provided in Annexure-II

Rationale

The ratings assigned to Nandha Constructions (NC) reflect the extensive experience of the entity's management in executing civil construction projects as well as its established operational track record. The ratings also consider NC's long relationships with key customers, which have been translated into repeat orders over the years. With about a decade of experience in civil construction, Jal Jeevan Mission, pipeline and related infrastructure projects, the entity has undertaken assignments primarily for various Government departments in Karnataka, thus supporting its business visibility. The ratings further consider the entity's adequate order book position of around Rs. 185 crore as on May 31, 2026, providing steady revenue visibility in the near-to medium-term.

The ratings are, however, constrained by NC's modest scale of operations and a low net worth base. Besides this, NC's working capital-intensive operations resulted in a higher reliance on working capital borrowings. Moreover, the entity's key credit metrics are expected to remain modest in the near-to-medium term, given its limited earnings and sizeable debt repayment obligations. The ratings are also constrained by the high geographical concentration risk as the entity executes majority of its orders in Karnataka. Additionally, NC's operating profit margin (OPM) remains exposed to stiff competition in the sector and the tender-driven nature of its business, which restricts the pricing flexibility. The entity is further exposed to inherent sectoral risks, including cost and time overruns during project execution. The ratings also note NC's sizeable exposure to contingent liabilities in the form of bank guarantees, which are primarily extended to meet contractual performance and security deposit requirements. The ratings are also exposed to risks inherent in a proprietorship firm, including the possibility of capital withdrawals, which may affect the capital structure and liquidity position.

The Stable outlook on the rating reflects ICRA's opinion that the entity is likely to sustain its operating metrics, supported by steady execution of its order book and expected timely receipt of payments from its key customers.

Key rating drivers and their description

Credit strengths

Extensive experience of proprietor – NC's proprietor has almost a decade of experience in civil construction and related project works. The entity has executed work for Government authorities across Karnataka, and other PSU players. Further, NC has a track record of executing projects of Jal Jeevan Mission, pipeline and related infrastructure projects, which garner repeat orders.

Adequate order book – NC's revenues have increased to Rs. 51.4 crore in FY2026 from Rs. 16 crore in FY2022, primarily driven by increased orders and steady execution. This growth momentum is expected to continue in the near-to-medium term with a healthy order book of around Rs. 185 crore as on May 31, 2026, which translates into 3.6 times of its FY2026 revenues and

provides medium-term revenue visibility. The company’s ability to secure new orders and improve its pace of work execution will be monitored in the near term.

Credit challenges

Small scale of operations and modest financial profile – NC’s scale of operations remains low with revenues of around Rs. 51.4 crore in FY2026. Although the revenues are expected to increase in the medium term, the scale is likely to remain modest, constraining its operational and financial flexibility. This, coupled with working capital-intensive operations, resulted in high dependency on external borrowing. Additionally, lower accretions to reserves have resulted in a low net worth base, thus moderating NC’s financial profile. Its financial profile is likely to remain modest in the medium term, given the limited earnings.

High geographical concentration risks and stringent competition in the industry – The majority of project portfolio in NC’s order book is in Karnataka, exposing it to region-specific economic and political risks. Further, the competition is intense in the engineering, procurement and construction (EPC) business, given the low complexity of the work involved, which may adversely impact on the profitability of the entity. The ratings are constrained by the inherent exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for contractual performance and security deposits.

Capital withdrawal risk due to proprietorship nature of entity – The entity, being a proprietorship firm, is exposed to discrete risks, including the possibility of capital withdrawal by the proprietor and limited ability to raise capital, among others, which may affect the capital structure and the liquidity position.

Liquidity position: Stretched

The entity's liquidity position is expected to remain Stretched due to limited buffer in the working capital limits and minimal free cash and bank balances. The entity has fund-based working capital limits of Rs. 15 crore (excluding purchase order funding limit of Rs. 3 crore), with an average utilisation of around 92% over the past 12 months ending in April 2026. The entity is projected to generate cash accruals of around Rs. 1.5-2.5 crore in FY2027, against repayment obligations of Rs. 1.5 crore in FY2027. The entity does not have any major debt-funded capex plans over the medium term. The liquidity is expected to be supported by timely infusion of unsecured loans by the partners and timely receipt of payments from key customers.

Rating sensitivities

Positive factors – The ratings could be upgraded, if there is a material increase in its earnings, leading to an improvement in its net worth position, debt coverage metrics and liquidity position on a sustained basis.

Negative factors – Pressure on the ratings could arise, if there is a material decline in revenues and earnings or an increase in working capital cycle or any further investment in Group entities, resulting in moderation in the debt coverage indicators or liquidity position 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

Nandha Constructions (NC) is a proprietorship concern established in 2016 by Mr. Punith Nagaraj, based in Karnataka. The entity executes civil infrastructure projects. The entity initially undertook civil works for solar power projects across multiple states and subsequently diversified into water supply and urban infrastructure projects in Karnataka. Its current portfolio comprises Jal Jeevan Mission (JJM) pipeline projects involving pipeline networks, reservoirs, and household tap connections.

NC also executes urban road development works under Bangalore Smart Infrastructure Limited and substation infrastructure projects related to high-voltage switchyard civil works (up to 765kV), substation infrastructure, and renewable energy.

Key financial indicators (audited/provisional)

Standalone	FY2025	FY2026*
Operating income	35.2	51.4
PAT	1.0	1.8
OPBDIT/OI	10.4%	11.8%
PAT/OI	2.8%	3.6%
Total outside liabilities/Tangible net worth (times)	6.2	7.6
Total debt/OPBDIT (times)	5.1	5.9
Interest coverage (times)	2.7	2.5

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

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)	Jul 9, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Working capital	Long-term	18.00	[ICRA]B+ (Stable)	-	-	-	-	-	-
Non fund based limits	Short-term	24.00	[ICRA]A4	-	-	-	-	-	-
Term loans	Long-term	16.69	[ICRA]B+ (Stable)	-	-	-	-	-	-
Unallocated limits	Long-term	41.31	[ICRA]B+ (Stable)	-	-	-	-	-	-

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 the regulatory purview of various Financial Sector Regulators (FSRs), 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 the regulatory purview of various FSRs, 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

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 FSRs other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term – Fund based – Working capital	Simple
Short term – Non fund based limits	Simple
Long term – Fund based – Term loans	Simple
Long term – Unallocated limits	Not applicable

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	Working capital	NA	NA	NA	18.00	[ICRA]B+ (Stable)
NA	Non fund based limits	NA	NA	NA	24.00	[ICRA]A4
NA	Term loans	FY2025- FY2026	-	FY2032- FY2040	16.69	[ICRA]B+ (Stable)
NA	Unallocated limits	NA	NA	NA	41.31	[ICRA]B+ (Stable)

Source: Company

[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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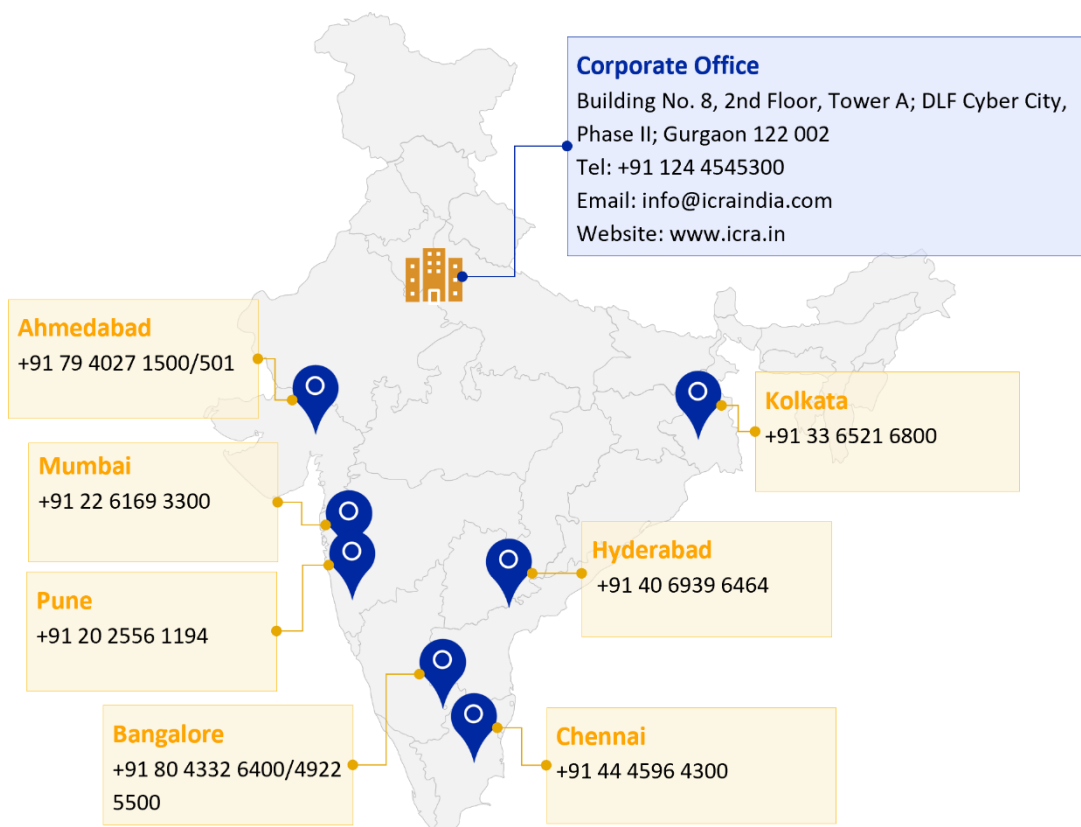


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