

October 19, 2026

Friends Earth Movers: [ICRA]B+ (Stable)/[ICRA]A4; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term – Fund-based – Working capital facilities	18.00	[ICRA]B+ (Stable); assigned	RBI
Short term – Non-fund based – Bank guarantee	14.50	[ICRA]A4; assigned	RBI
Total	32.50		

*Instrument details are provided in Annexure I

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

Rationale

The assigned ratings factor in the extensive experience of Friend Earth Movers (FEM) in construction and allied services sector, which includes executing civil construction structures, haulage, housekeeping, maintenance, and maintenance contracts for reputed industrial and public-sector customer such as Indian Oil Corporation Limited (IOCL). Further, FEM's operating income (OI) increased to Rs. 105.6 crore in FY2026 (provisional) from Rs. 69.2 crore in FY2025, primarily due to execution of high order value contract for services as well as for works. Additionally, with an outstanding order book of approximately Rs. 170 crore as of August 2026, the firm has near-to-medium-term revenue visibility.

The ratings are, however, constrained by the firm's moderate scale of operations and order book position. Further, FEM's financial risk profile is modest on account of low net worth and high debt repayment obligations. The debt obligations entail annual repayments of Rs. 9-11 crore in FY2027-FY2028, resulting in relatively higher debt servicing commitments against the expected cash accruals of Rs. 8-11 crore. FEM is exposed to client concentration risk in the order book over the last few years as most of the work is being executed for IOCL. As FEM is a proprietorship firm, any significant withdrawal from the fund by the proprietor could affect its net worth, capital structure and liquidity, which remains a risk.

The Stable outlook on the long-term rating reflects ICRA's expectation that FEM will maintain its scale of operations, supported by timely and efficient execution of its existing order book and its demonstrated ability to secure new orders.

Key rating drivers and their description

Credit strengths

Significant experience of promoters in the construction and services sectors – The promoters started the business in 2002 and it is currently managed by the proprietor, Mr. Mukul Jain has more than two decades of experience in executing various activities, including civil construction, maintenance works, haulage services, housekeeping contracts, transportation and logistics services, equipment hiring, material handling, and allied support services for public sector undertakings and industrial clients. The promoter's extensive industry experience supports FEM's execution capabilities and operational understanding of these allied services and construction contracts.

Reputed client profile – FEM performs works and services contracts mainly for reputed industrial and public-sector customer, Indian Oil Corporation Limited with around 65% revenue contribution in FY2026. The firm's long relationships with IOCL have enabled it to secure repeat work orders, annual maintenance contracts, and other allied services contracts, thereby providing near-to-medium term revenue visibility. FEM'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

Modest financial profile with high annual debt repayment and low net worth – FEM's financial risk profile remains constrained by its modest net worth base, which limits its financial flexibility and ability to support large-scale business expansion. As on March 31, 2026, the firm reported low net worth at around Rs. 13 crore, while its debt levels remain elevated owing to borrowings undertaken for equipment acquisition and working capital requirements. The debt obligations entail annual repayments of Rs. 9-11 crore over the near-to-medium term, resulting in relatively higher debt servicing commitments against the expected cash accruals. Consequently, debt protection metrics are expected to remain subdued over the near-to-medium term. The firm's ability to meet its repayment obligations remains dependent on timely execution of its projects, efficient collection of receivables, and continued generation of healthy operating cash flows.

Moderate scale and order book position – FEM remains a mid-sized player, as reflected in its moderate provisional operating income of around Rs. 100 crore in FY2026. While the company has demonstrated a stable track record in executing maintenance, handling, housekeeping, and upkeeping contracts, its scale remains modest compared to larger, diversified engineering and services contractors operating in the segment. The firm's order book position also remains moderate, providing medium-term revenue visibility, as reflected in an unexecuted order book of around Rs. 152 crore as on April 30, 2026. Any slowdown in order inflows or delays in order execution could impact revenue momentum and the working capital cycle.

Risks related to proprietorship firm structure – FEM is exposed to risks associated with its proprietorship structure, including the risk of capital withdrawals by the proprietor. While the firm has not witnessed any material or regular capital withdrawals over the past few years, any significant drawdown remains a key monitorable, as it could adversely impact the firm's capital structure and financial flexibility.

Liquidity position: Stretched

The firm's liquidity position is expected to remain stretched, primarily on account of limited cash flow generation from operations and modest net cash accruals. Its liquidity is further constrained by high utilisation of its sanctioned working capital limits of Rs. 18 crore during the 12-month period ending in June 2026, indicating limited financial flexibility to meet incremental funding requirements. Additionally, the firm has planned a sizeable capex of Rs. 8-9 crore in FY2027, which is expected to be funded largely through external debt, thereby increasing its debt burden. The liquidity profile is further impacted by high scheduled debt repayments of Rs. 9-11 crore annually during FY2027-FY2029, which are expected to remain sizeable relative to the firm's cash accruals.

Rating sensitivities

Positive factors – The ratings of FEM may be upgraded in case of an improvement in earnings, strengthening its net worth, credit metrics and liquidity position on a sustained basis.

Negative factors – Pressure on the ratings could arise if the firm's 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 or large debt-funded capex, or any large capital withdrawal resulting in a further deterioration in the firm's liquidity and financial risk profile, could also result in ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	No
Consolidation/Standalone	Standalone

About the company

Friends Earth Movers is a proprietorship firm owned by Mr. Mukul Jain and based in Agra, Uttar Pradesh. FEM is an infrastructure services and construction-oriented enterprise engaged in a diversified range of activities, including civil construction, maintenance works, haulage services, housekeeping contracts, transportation and logistics services, equipment hiring, material handling, and allied support services for public sector undertakings and industrial clients.

Key financial indicators (audited)

M/s Friends Earth Movers (Standalone)	FY2025	FY2026*
Operating income (OI)	69.2	100.6
PAT	1.9	8.0
OPBDIT/OI	5.3%	13.3%
PAT/OI	2.7%	8.0%
Total outside liabilities/Tangible net worth (times)	6.4	6.1
Total debt/OPBDIT (times)	7.4	4.2
Interest coverage (times)	1.7	3.3

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 numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 19, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital facilities	Long term	18.00	[ICRA]B+ (Stable)	-	-	-	-	-	-
Non-fund based – Bank guarantee	Short term	14.50	[ICRA]A4	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based – Working capital facilities	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 (Rs. crore)	Current rating and outlook	Financial sector regulator [#]
NA	Long term – Fund-based – Working capital facilities	NA	NA	NA	18.00	[ICRA]B+ (Stable)	RBI
NA	Short term – Non-fund based – Bank guarantee	NA	NA	NA	14.50	[ICRA]A4	RBI

Source: Company

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR will not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI.

[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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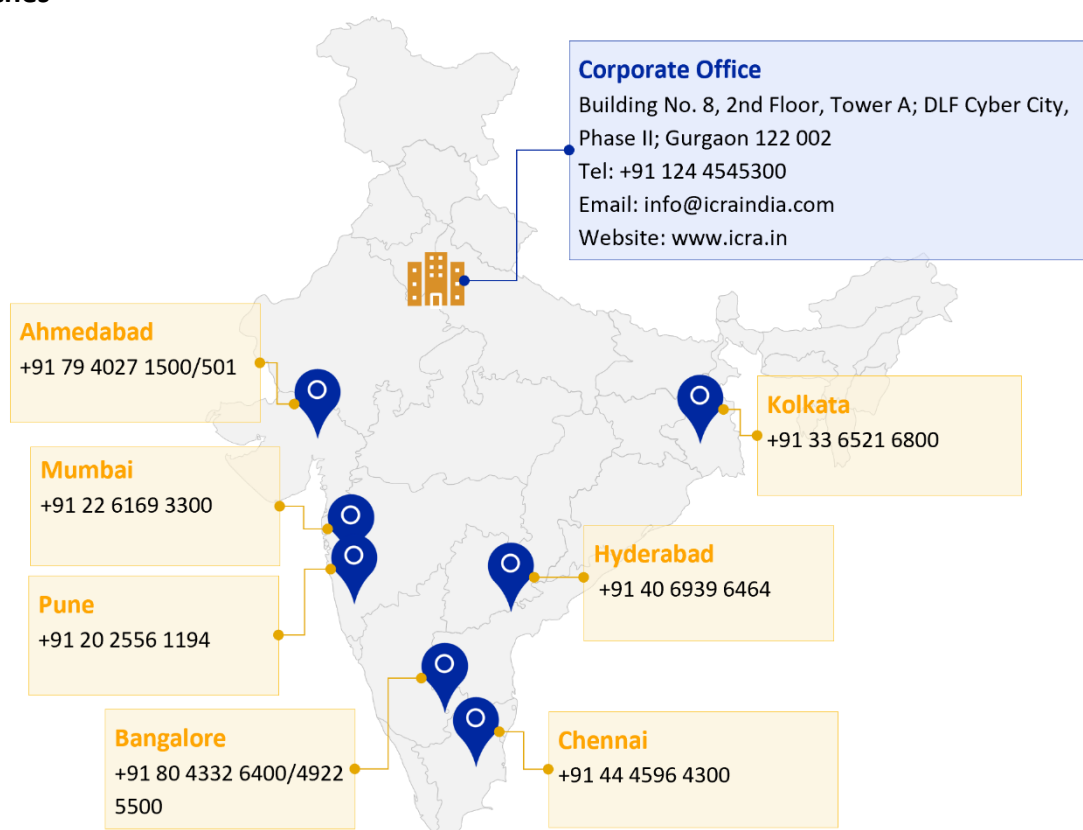
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