

September 19, 2025

## Suroj Buildcon Pvt. Ltd.: Long-term rating reaffirmed and short-term rating upgraded; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based Limits – Cash credit	24.5	29.5	[ICRA]A (Stable); reaffirmed and assigned for enhanced amount
Short term – Non-fund based limits	675.5	861.5	[ICRA]A1; Upgraded from [ICRA]A2+ and assigned for enhanced amount
Short term – Non-fund based – Unallocated	-	109.0	[ICRA]A1; assigned
<b>Total</b>	<b>700.0</b>	<b>1000.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

The upgrade in the short-term rating of Suroj Buildcon Pvt. Ltd. (SBPL) factors in the consistent improvement in its liquidity position, with sizeable build-up in free cash and the expectation of maintenance of the same, driven by healthy cash accruals and prudent working capital management. It had unencumbered cash and bank balances (including free FDs) of ~Rs. 269 crore as on March 31, 2025 (vis-à-vis ~Rs. 186 crore as on March 31, 2024) against total debt outstanding of Rs. 13.7 crore as on March 31, 2025. In addition to the free cash available, its liquidity is strengthened by undrawn bank lines of Rs. 24.5 crore as on March 31, 2025.

The reaffirmation of the long-term rating reflects SBPL's healthy financial risk profile, characterised by comfortable leverage (TOL/TNW of 1.0 times) and coverage indicators (Interest cover of 22.0 times; DSCR of 5.7 times), low working capital intensity as depicted in gross operating days<sup>1</sup> of 70 days and availability of interest-free mobilisation advances. The rating action favourably factors in SBPL's order book position (order book to operating income ratio of 1.44 times as on March 31, 2025), which provides near-term revenue visibility. The company's order book recorded a CAGR of 24.4% over the last five years ending FY2025, with fresh order inflows worth Rs. 2,379.8 crore over the last 16 months ending July 31, 2025. Given the vintage of working with various multi-national companies (MNCs) and strong delivery track record, SBPL is expected to garner adequate order inflows, on a sustained basis, going ahead. The ratings draw comfort from its established track record of over a decade in executing a variety of building construction projects at geographically diverse locations across the country.

The ratings are, however, constrained by the company's relatively moderate scale of operations and high segmental concentration with the buildings segment as the sole contributor to its current order book. While it has been able to secure contracts from clients from varied sub-segments, the industrial construction segment remains a major contributor (83% of the total unexecuted order book as on March 31, 2025). This segmental concentration is mitigated to some extent given the diverse set of end-user industries within the industrial sub-segment viz. wires and cables, data centre, food, metal, pipes, etc. Further, SBPL remains exposed to risks associated with the cyclicity in private sector capex, given that its entire clientele belongs to the private sector. A large proportion of its working capital requirement is funded by interest-free mobilisation advances from customers, resulting in lower dependence on external debt and low working capital intensity. Any material change in the contractual terms with respect to availability of these interest-free mobilisation advances could have a bearing on its liquidity position and thus remains a key monitorable.

<sup>1</sup> Gross operating days = Debtor days + Inventory days

The ratings note the stiff competition in the construction sector and the company's exposure to sizeable contingent liabilities in the form of bank guarantees mainly for mobilisation advances, contractual performance and retention money. The ratings are constrained by execution risks as ~63% of the order book as on March 31, 2025 is in the preliminary/early stage of execution (less than 25% executed). Of this, work was yet to commence for ~13% of the order book, since most of these were awarded recently in Q4 FY2025. Nonetheless, ICRA takes comfort from SBPL's execution track record and absence of any invocation of guarantees in the past. The heightened competition in the construction sector, along with the volatility in input costs (steel, cement etc.) could exert pressure on SBPL's profitability, despite the presence of price escalation clauses in most of the contracts.

ICRA takes note of SBPL's exposure to certain non-core investments. Any significant increase in such non-core investments, which adversely impacts the company's liquidity position and constrains its return indicators, will remain a key rating monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectations that the company would benefit from its healthy order book position, strong execution capabilities, coupled with low external debt and established relationship with its clientele.

## Key rating drivers and their description

### Credit strengths

**Comfortable financial profile marked by healthy capital structure and debt protection metrics** – SBPL continues to maintain a comfortable financial profile, as reflected by its healthy capital structure with TOL/TNW of 1.0 times, TD/OPBDITA of 0.1 times and a gearing of 0.05 times. Its debt protection metrics are robust, with an interest cover of 22.0 times and a DSCR of 5.7 times as on March 31, 2025. Further, its cash conversion cycle remains comfortable as a large portion of its working capital requirement is funded by interest-free advances from customers, resulting in lower dependence on external borrowings and low working capital intensity. Given limited debt-funded future capex, ICRA expects the leverage and coverage metrics to remain strong going forward. As on March 31, 2025, the company has unencumbered cash and bank balances (including free FDs) of ~Rs. 269 crore, which provides cushion to its strong liquidity position.

**Adequate order book position providing revenue visibility** – The company's order book recorded a CAGR of 24.4% over the last five years ending FY2025, with fresh order inflows worth Rs. 2,379.8 crore over the last 16 months ending July 31, 2025. The outstanding order book stood at Rs. 1,837.7 crore as on March 31, 2025, translating to an OB/OI of 1.44 times, thus providing near-term revenue visibility. Timely commencement and execution of these orders are critical to sustain the revenue growth going forward. Additionally, given the vintage of working with various MNCs and strong delivery track record, SBPL is expected to garner adequate order inflows, on a sustained basis, going ahead.

**Experienced management and reputed clientele** – SBPL has an established track record of operations of over a decade, supported by an experienced management and demonstrated capabilities in executing a variety of building construction projects at geographically diverse locations across the country, with repeat orders from a reputed clientele like the Adani Group, KEI Industries, Asian Paints Ltd, Microsoft, etc.

### Credit challenges

**Relatively moderate scale of operations with high segmental concentration; prospects linked to private sector capex** – SBPL reported a CAGR of ~15% in operating income (OI) during FY2020-FY2025. In FY2025, the company witnessed a YoY increase of ~9% in OI. However, the scale remained relatively moderate with an OI of Rs. 1,275.7 crore. The company also remains exposed to high segmental concentration risk with the buildings segment as the sole contributor to its current order book. While it has been able to garner contracts from diverse clients, geographies and sectors (viz. wires and cables, data centre, food, metal, pipes, etc) in various sub-segments (viz. industrial, commercial, institutional and residential), the industrial sub-segment continues to contribute majorly to the order book as it accounted for ~83% of the outstanding order book as on March 31, 2025. The order book is also vulnerable to execution risks as ~63% of the order book as on March 31, 2025 is in the

preliminary/early stage of execution (less than 25% executed). Of this, work was yet to commence for ~13% of the order book, since most of these were awarded recently in Q4 FY2025. Further, SBPL remains susceptible to risks associated with the cyclical nature in private sector capex, given that its entire clientele belongs to the private sector.

**Risks associated with construction sector including sizeable non-fund based exposure** – SBPL is exposed to the inherent cyclical nature and intense competition in the construction industry thus garnering adequate order inflows and ensuring timely execution remain crucial. The heightened competition along with the volatility in input costs (steel, cement, etc) could exert pressure on SBPL's profitability. The built-in price escalation clauses in majority of the contracts guard margins from fluctuations in raw material prices to some extent. Moreover, its long presence and established relationships with its clients provide comfort. The company is also exposed to sizeable contingent liabilities in the form of bank guarantees mainly for mobilisation advances, contractual performance and retention money. Nonetheless, ICRA draws comfort from SBPL's execution track record and absence of any invocation of guarantees in the past.

**Exposure to non-core investments** – In FY2022, SBPL acquired 51% stake in a software company – LogicMo Systems Private Limited. To assist its day-to-day expenditure, it extended short-term financial assistance worth ~Rs. 16 crore as loans and advances till FY2023, and an additional ~Rs. 1.81 crore in FY2024. It has also extended a corporate guarantee for working capital limits of Rs. 19 crore. In FY2025, there has been no incremental loans and advances provided to the subsidiary or increase in corporate guarantee. While ICRA expects no major support to be extended to the subsidiary, any weakening of the latter's financial profile, which impacts the consolidated profile in terms of liquidity or overall debt metrics will remain a rating monitorable.

### Liquidity position: Strong

The company has strong liquidity, aided by an unencumbered cash and bank balance (including free FDs) of ~Rs. 269 crore as on March 31, 2025 and undrawn bank lines of Rs. 24.5 crore as on March 31, 2025. SBPL plans partially debt-funded capex of Rs. 50-60 crore for the next few years, in addition to the debt repayment obligation of Rs. 9.75 crore in FY2026 and Rs. 4.51 crore in FY2027, all of which can be comfortably serviced from its operational cash flows and on book liquidity.

### Rating sensitivities

**Positive factors** – SBPL's ratings could be upgraded if there is a significant improvement in its scale of operations and substantial improvement in business diversification, while maintaining healthy profit margins and strong debt protection metrics.

**Negative factors** – Negative pressure on SBPL's ratings could arise if there is a slowdown in execution because of weak order inflow and/or if there is any deterioration in the company's working capital cycle impacting its profitability and liquidity position. Further, material increase in non-core investments affecting its liquidity will be a credit negative. Also, TOL/TNW increasing beyond 1.2 times, on a sustained basis, could exert downward pressure on the ratings.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Construction</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has used the consolidation approach, under which its subsidiary has been fully consolidated as SBPL has extended a corporate guarantee covering the entire debt of its subsidiary. The list of companies that are considered to arrive at the ratings are shared in Annexure II.

## About the company

Incorporated in 2013, Suroj Buildcon Pvt. Ltd. (SBPL) undertakes contracts for construction of buildings across various segments and sectors viz. automobile, warehousing, wires and cables, data centre, food, metal, pipes, etc. The company carries out civil and structural works, architectural works, pre-engineered building works across industrial, commercial, institutional and residential segments. Based out of Pune, it has executed works across numerous Indian states namely Telangana, Gujarat, Karnataka, Maharashtra, Punjab, etc. The present clientele includes MNCs like KEI Industries, Microsoft Corporation India Pvt Ltd, Asian Paints, Bajaj Auto Limited, and the Adani Group.

## Key financial indicators (Audited)

Standalone	FY2024	FY2025*
Operating income	1169.2	1275.7
PAT	113.0	127.5
OPBDIT/OI	13.5%	13.5%
PAT/OI	9.7%	10.0%
Total outside liabilities/Tangible net worth (times)	1.0	1.0
Total debt/OPBDIT (times)	0.3	0.1
Interest coverage (times)	24.3	22.0

Source: Company, ICRA Research; \*Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore 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

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs. crore)	Sept 19, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	29.5	[ICRA]A (Stable)	Oct-17-2024	[ICRA]A (Stable)	Oct-04-2023	[ICRA]A (Stable)	Aug-22-2022	[ICRA]A- (Stable)
				-	-	Apr-13-2023	[ICRA]A- (Positive)	Apr-04-2022	[ICRA]A- (Stable)
Non-fund based limits	Short term	861.5	[ICRA]A1	Oct-17-2024	[ICRA]A2+	Oct-04-2023	[ICRA]A2+	Aug-22-2022	[ICRA]A2+
				-	-	Apr-13-2023	[ICRA]A2+	Apr-04-2022	[ICRA]A2+
Non-fund based – Unallocated	Short term	109.0	[ICRA]A1	-	-	-	-	-	-
Unallocated	Long term and short term	-	-	-	-	Oct-04-2023	-	Aug-22-2022	[ICRA]A- (Stable)/ [ICRA]A2+
				-	-	Apr-13-2023	[ICRA]A- (Positive)/ [ICRA]A2+	Apr-04-2022	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Short-term – Non-fund based limits	Very Simple
Short term – Non-fund based – Unallocated	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	Cash credit	NA	NA	NA	29.5	[ICRA]A (Stable)
NA	Non-fund based limits	NA	NA	NA	861.5	[ICRA]A1
NA	Non-fund based – Unallocated	NA	NA	NA	109.0	[ICRA]A1

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

#### Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
LogicMo Systems Private Limited	51%	Full consolidation

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