November 04, 2026

Backbone Construction Private Limited: [ICRA]BB+(Stable)/[ICRA]A4+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term-Fund-based-Term Loan	6.96	[ICRA]BB+ (Stable); Assigned	RBI
Long-term-Fund-based- Overdraft	9.30	[ICRA]BB+ (Stable); Assigned	RBI
Short term-Non-Fund-based-Bank Guarantee	35.70	[ICRA]A4+; Assigned	RBI
Long term/ Short term – Unallocated Limits	3.04	[ICRA]BB+ (Stable)/ [ICRA]A4+; Assigned	RBI
Total	**55.00**		

**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

The assigned ratings factor in Backbone Construction Private Limited's (BCPL) established track record in the civil construction industry and the extensive experience of its promoters. The promoters have more than three decades of experience in the sector, supporting BCPL's execution capabilities across bridges, irrigation, roads, protection works and other civil infrastructure segments. The company's operating income (OI) increased by 12.2% to Rs. 240.3 crore in FY2026 from Rs. 214.0 crore in FY2025. It has grown at a compound annual growth rate (CAGR) of around 20% over FY2021-FY2026, from Rs. 95.8 crore in FY2021. The operating profit margin (OPM) remained broadly stable at 3.8% in FY2026 compared to 4.0% in FY2025, albeit at moderate levels. The ratings also consider BCPL's healthy order book position, with an unexecuted order book of Rs. 831.9 crore as on September 30, 2026, providing significant medium-term revenue visibility.

The ratings are, however, constrained by BCPL's modest profitability and working-capital-intensive operations. Profitability remains constrained by the intense competition inherent in the tender-based construction business, which limits pricing flexibility. Further, sizeable requirements towards performance guarantees, cash margins and retention money keep working capital requirements elevated. The company's scale of operations and net worth base also remain moderate despite the increasing revenues and healthy order book. In addition, the order book remains geographically concentrated, with Gujarat accounting for 77% of the outstanding order book as on September 30, 2026, exposing BCPL to risks associated with project execution and fresh order inflows from the state. ICRA also notes BCPL's sizeable accounted-for payables of around Rs. 28 crore as of March 2026 against unaccounted arbitration claim receivables of Rs. 159.1 crore as of March 2026, primarily relating to completed projects.

The Stable outlook on the long-term rating reflects ICRA's expectation that BCPL will maintain its stable operating performance, supported by the healthy order book and established execution capabilities in the civil construction sector. The outlook also factors in prudent funding of future capex, supporting debt protection metrics commensurate with the current rating.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the civil construction industry – BCPL benefits from the promoters' more than three decades of experience in the civil construction and infrastructure sector. The extensive presence of the promoters in the industry supported the company in developing established execution capabilities across bridges, irrigation, roads, protection works and other public infrastructure projects.

Healthy order book position provides adequate revenue visibility – BCPL had an unexecuted order book of Rs. 831.9 crore, around 3.5 times its OI in FY2026, as on September 30, 2026, spread across 58 projects, providing healthy revenue visibility over the medium term. Of the pending order book, around 32% pertained to nine projects that were yet to commence execution, providing further revenue visibility as these projects scale up. The sizeable order book, coupled with the company's established execution capabilities across multiple infrastructure segments, supports its operating prospects over the medium term.

Credit challenges

Moderate scale of operations and moderate net worth base – BCPL's scale of operations remains moderate, with operating income of Rs. 119.7 crore in H1 FY2027, following Rs. 240.3 crore in FY2026. The company's net worth also remained moderate at Rs. 39.7 crore as on March 31, 2026, constraining its financial flexibility relative to the scale and working capital requirements of its operations. Nevertheless, the scale of operations and net worth base are expected to improve gradually through steady execution of the order book and accretion of profits to reserves.

Exposure to intense competition and modest profit margin; tender-based construction business – BCPL operates in a highly competitive and tender-driven construction industry, which limits pricing flexibility. Consequently, its OPM remained modest at 3.8% in FY2026, broadly stable compared with 4.0% in FY2025. Further, project awards depend on successful bidding and the availability of tenders, exposing revenues and margins to competitive pressures.

Exposure to sizeable payable against arbitration claims – BCPL has unaccounted arbitration claim receivables aggregating Rs. 159.1 crore, primarily relating to projects completed before 2018. Meanwhile, around Rs. 28 crore of creditors as on March 31, 2026, pertained to these unaccounted claims. Any sudden requirement to pay these creditors without realising the arbitration claims could exert pressure on its financial and liquidity profile. Hence, the timing and extent of realisation of these claims and settlement of the related creditor balances remain key monitorables.

Geographical concentration – BCPL's order book remains geographically concentrated, with Gujarat accounting for 77% of the outstanding order book as on September 30, 2026, followed by Chhattisgarh at 9% and Maharashtra at 7%, while the balance is spread across other states. The high concentration in Gujarat exposes the company to risks related to project execution, tender activity and fresh order inflows from the state, notwithstanding its execution presence across multiple geographies.

Liquidity position: Stretched

BCPL's liquidity position is stretched, given the high utilisation of its OD limits of Rs. 11.3 crore, with average fund-based utilisation of around 82% during the 12-month period ended September 2026. The company had free cash and bank balances of Rs. 1.91 crore as on March 31, 2026. However, the absence of any major debt-funded capex plans and expected steady cash accruals from operations provide some comfort.

Rating sensitivities

Positive factors – The ratings could be upgraded, if there is sustained increase in its revenue and earnings leading to strengthening of net worth and liquidity position while maintaining the comfortable debt coverage metrics. Specific credit metric that could lead to an upgrade in ratings includes an TOL/TNW of less than 2.0 times on a sustained basis.

Negative factors – Pressure on the ratings could arise, if there is a significant decline in revenues and earnings, or any significant debt-funded capex or increase in working capital cycle weakens 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	The ratings are based on the company's standalone financial statements

About the company

Backbone Construction Private Limited (BCPL), incorporated in 1994, is engaged in the execution of civil construction and infrastructure projects, including roads, bridges, canals, irrigation systems, dams, hydro projects, pipelines and protection works, primarily for Government and semi-government authorities. The company has an established execution track record across multiple states, including Gujarat, Chhattisgarh, Odisha, Jharkhand, Karnataka, Maharashtra, Uttar Pradesh and Haryana. BCPL is part of the Backbone Group and is owned by the Jakasania family, with the four promoter-directors holding 25% each.

Key financial indicators (audited)

BCPL standalone	FY2025	FY2026
Operating income	214.0	240.3
PAT	5.3	5.3
OPBDIT/OI	4.0%	3.8%
PAT/OI	2.5%	2.2%
Total outside liabilities/Tangible net worth (times)	3.0	3.3
Total debt/OPBDIT (times)	2.2	3.1
Interest coverage (times)	3.3	4.5

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;

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based-Term Loan	Long term	6.96	Nov 04, 2026	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Fund-based-OD	Long term	9.30	Nov 04, 2026	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Non-Fund-based-Bank Guarantee	Short term	35.70	Nov 04, 2026	[ICRA]A4+	-	-	-	-	-	-
unallocated limits	Long/Short term	3.04	Nov 04, 2026	[ICRA]BB+ (Stable)/ [ICRA]A4+						

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term Loan	Simple
Long-term - Fund-based - Overdraft	Simple
Short term - Non-Fund - based-Bank Guarantee	Simple
Long term/ Short 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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook	Financial sector regulator#
NA	**Fund based - Term Loan**	NA	8.15-9.2%	NA	6.96	[ICRA]BB+(Stable)	RBI
NA	**Fund based - Overdraft**	NA	7.95%	NA	9.30	[ICRA]BB+(Stable)	RBI
NA	**Non-Fund-based - Bank guarantee**	NA	NA	NA	35.70	[ICRA]A4+	RBI
NA	**Unallocated Limits**	NA	NA	NA	3.04	[ICRA]BB+(Stable)/ [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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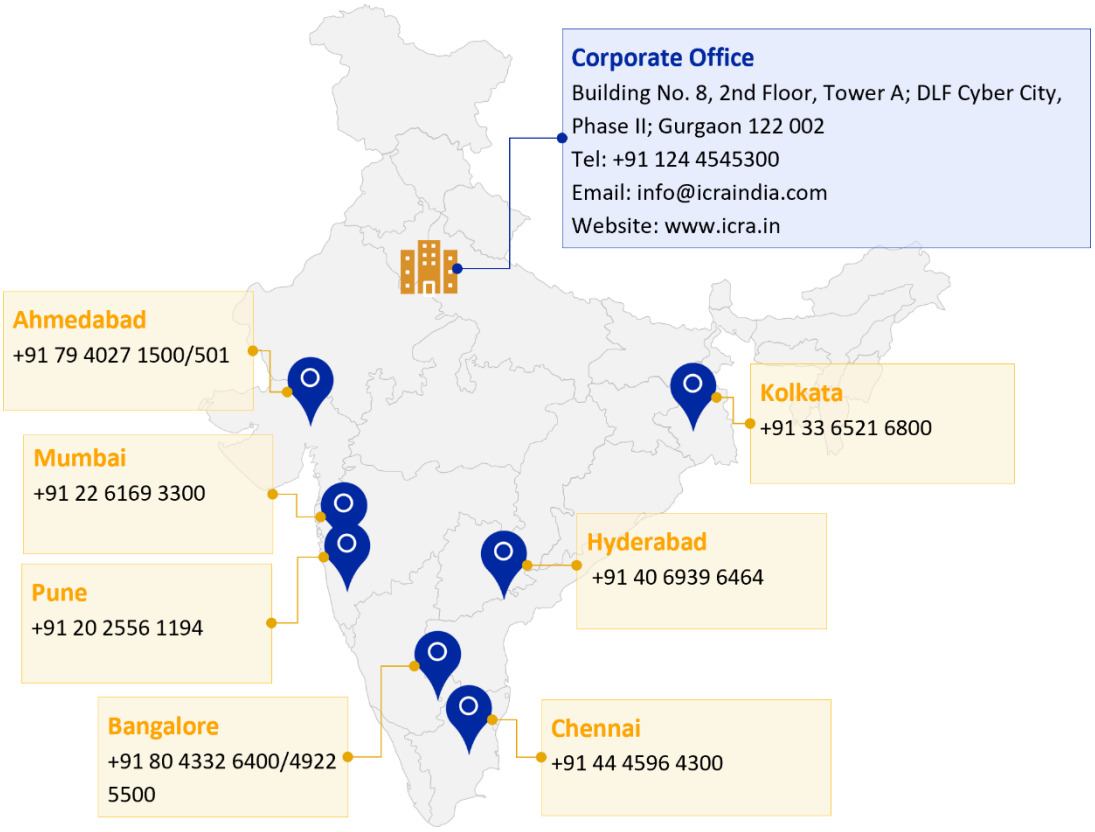

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