

Press Release
SWASTIK CONSTRUCTIONS
January 30, 2026
Rating Assigned and Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	10.00	ACUITE BBB Stable Upgraded	-
Bank Loan Ratings	65.00	-	ACUITE A3+ Assigned
Bank Loan Ratings	30.00	-	ACUITE A3+ Upgraded
Total Outstanding Quantum (Rs. Cr)	120.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded its long-term rating to '**ACUITE BBB**' (**read as ACUITE triple B**) from '**ACUITE BBB-**' (**read as ACUITE triple B minus**) and short-term rating to '**ACUITE A3+**' (**read as ACUITE A three plus**) from '**ACUITE A3**' (**read as ACUITE A three**) on Rs. 40.00 Cr. bank facilities of Swastik Constructions (SC). The outlook is '**Stable**'.

Further, Acuité has assigned its long-term rating of '**ACUITE BBB**' (**read as ACUITE triple B**) and short-term rating of '**ACUITE A3+**' (**read as ACUITE A three plus**) on Rs. 80.00 Cr. bank facilities of Swastik Constructions (SC). The outlook is '**Stable**'.

Rationale for rating upgrade

The rating upgrade factors the growth in the operating scale of the firm supported by healthy outstanding order book. The rating is further supported by the long-standing experience of the management in the construction industry. Further, the rating takes comfort from the strong leverage ratios with moderate gearing of the firm. However, the rating is constrained on account of moderately intensive working capital operations and risks pertaining to competition due to the tender-based nature of operations. The rating also notes the firm's partnership structure, including the risk of capital withdrawal.

About the Company

Established in 2004, Mumbai based, Swastik Constructions (SC) specializes in water management infrastructure development, is engaged in the process of designing, installation, civil constructions, commissioning and operation & maintenance services under water supply schemes, lift irrigation schemes, wastewater treatment and distribution. The current partners of the firm are Mr. Hemant Shah, Mrs. Anita Hemant Shah and Mr. Parth Hemant Shah.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of SC to arrive at this rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

SC has an operational track record of nearly two decades. The firm is promoted by Mr. Hemant Shah, who has an extensive experience spanning over two decades in the water and irrigation contracting segment. He is supported by his son, Mr. Parth Shah. The extensive experience of the management has helped SC in maintaining a stable order flow from key government organisations like Nagpur Municipal Corporation (NMC), City and Industrial Development Corporation of Maharashtra (CIDCO), Public Works Department (PWD) of Maharashtra & Karnataka, amongst others.

Acuité believes that SC will continue to benefit from its experienced management and established track record of operations.

Improving scale of operations supported by healthy outstanding order book

The operating revenue of the firm marked an improvement of ~56 percent y-o-y in FY25 which stood at Rs. 393.63 Cr. in FY25 (Rs. 252.23 Cr. in FY24) on account of higher execution of orders in FY25. The operating margin stood stable at 6.71 percent in FY25 (6.52 percent in FY24). Further, the firm has clocked gross revenue of Rs. 276.03 Cr. in 8MFY26 (Rs. 195.28 Cr. in 8MFY25) on account of timely execution of the contracts. Generally, the firm books majority of its revenue in second half of the financial year and has an outstanding order book of ~Rs. 1136.52 Cr. (2.89 times of FY25 revenue) (excluding Rs. 78.77 Cr. of L1 tenders in process as of Dec 2025) to be executed in the medium term.

Going forward, improvement in the profitability margins while maintaining revenue growth shall remain a key monitorable.

Moderate financial risk profile

While the total debt increased at Rs. 21.16 Cr. in FY25 (Rs. 13.23 Cr. in FY24), majorly constituting incremental working capital borrowings and long-term debt (majorly vehicle loans), however, the financial risk profile of the firm stood moderate marked by below unity gearing (debt-equity) at 0.50 times in FY25 along with comfortable coverage ratios wherein interest coverage ratio stood at 11.13 times and debt service coverage ratio stood at 4.15 times for FY25. However, the net worth stood moderate at Rs. 42.35 Cr. as on March 31, 2025 (Rs. 42.34 Cr. as on March 31, 2024) after accounting for withdrawal of funds by the partners during FY25.

Weaknesses

Moderately intensive working capital operations

The working capital operations of the firm stood moderately intensive marked by gross current assets (GCA) of 106 days in FY25 increased from 39 days in FY24, that is majorly driven by higher other current assets consisting of retention money (Rs. 26.55 Cr. as of March 31, 2025) and debtor levels. The debtor's collection period stood efficient although increased to 22 days in FY25 (7 days in FY24). Further, the inventory days stood at 5 days in FY25 (16 days in FY24) and the creditor days stood at 157 days in FY25 (154 days in FY24).

Inherent risk of capital withdrawal by partners

SC's constitution as a partnership firm is exposed to discrete risks, including the possibility of withdrawal of capital by the partners, instance of which has been observed in FY25 wherein the partners have withdrawn nearly Rs. 13.32 Cr. Moreover, the partnership nature partially limits the flexibility to raise the funds vis-a-vis a limited company.

Exposure to intense competition and tender-based operations

The infrastructure is a fragmented industry with a presence of large players pan India where subcontracting & project specific partnerships for technical/financial reasons are common. The firm faces stiff competition with its competitors in procuring orders through bidding, immense competition for procuring tenders leads to very competitive pricing which in turn lead to stress on the margins. Also, the firm majorly executes work orders in the state of Maharashtra and Karnataka, resulting into geographical concentration of revenue. Moreover, susceptibility of raw material pricing again keeps profit margin vulnerable and is a key sensitivity factor.

Rating Sensitivities

- Continued order book growth and timely execution of the projects supporting improvement in revenue at stable margins
- Significant increase in debt levels affecting the financial risk profile
- Elongation of working capital requirements thereby affecting the liquidity profile

Liquidity Position

Adequate

The firm's liquidity position is adequate marked by sufficient cash accruals of Rs. 16.49 Cr. in FY25 as against maturing debt obligations of Rs. 2.14 Cr. for the same period. Going forward, the cash accruals are expected to be around Rs. 20 Cr. for the period FY26 and FY27 against maturing debt obligations in the range of Rs. 4.00-4.50 Cr. for the same period. The working capital limits are marked moderate as reflected by average fund-based limits utilizations that stood at 62.49 percent for the last six months ended Dec 2025. Moreover, the available non-fund-based limits stood at ~Rs. 50 Cr. as on Dec 31, 2025 against sanction of Rs. 95 Cr. Further, the current ratio stood improved at 1.11 times in FY25 (0.72 times in FY24) and on account of higher billing and receipt of funds in the last quarter, owing to which the firm also had a healthy cash and bank balance of Rs. 49.40 Cr. as on March 31, 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	393.63	252.23
PAT	Rs. Cr.	13.33	11.15
PAT Margin	(%)	3.39	4.42
Total Debt/Tangible Net Worth	Times	0.50	0.31
PBDIT/Interest	Times	11.13	6.21

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 Mar 2025	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Bank Guarantee/Letter of Guarantee	Short Term	9.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Secured Overdraft	Long Term	1.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Secured Overdraft	Long Term	4.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Secured Overdraft	Long Term	5.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
03 Dec 2024	Bank Guarantee/Letter of Guarantee	Short Term	9.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Secured Overdraft	Long Term	1.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	4.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
18 Sep 2023	Bank Guarantee/Letter of Guarantee	Short Term	9.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3 (Assigned)
	Secured Overdraft	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	4.00	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	5.00	ACUITE BBB- Stable (Assigned)
02 Jun 2023	Bank Guarantee/Letter of Guarantee	Short Term	9.00	ACUITE A3 (Reaffirmed)
	Secured Overdraft	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
YES BANK LIMITED	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3+ Upgraded (from ACUITE A3)
YES BANK LIMITED	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3+ Assigned
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3+ Assigned
H D F C Bank Limited	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3+ Upgraded (from ACUITE A3)
H D F C Bank Limited	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3+ Assigned
YES BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB Stable Upgraded (from ACUITE BBB-)
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB Stable Assigned
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Assigned

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