

P R PATEL & CO

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	15.00	CARE BBB-; Stable	Assigned
Long Term / Short Term Bank Facilities	55.00	CARE BBB-; Stable / CARE A3	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to bank facilities of P R Patel & Co (PRPC) derive strength from the established track record of its partners in the execution of mid-sized civil construction projects, low counterparty risk and comfortable financial risk profile. The ratings also factor moderate order book position indicating revenue visibility in medium term, modest scale of operations and adequate liquidity.

However, above rating strengths are partially offset by PRPC's low profitability margins which are vulnerable to fluctuating raw material price, its presence in intensely competitive, fragmented and tender driven industry. The ratings also factor sectoral and geographical concentration of PRPC's orderbook with presence of slow-moving orders, working capital intensive nature of operations and risks associated with partnership nature of constitution.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achievement of Total Operating income (TOI) above Rs. 350 crore while maintaining its financial risk profile.
- Improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 6% on sustained basis.

Negative factors

- Moderation in its TOI below Rs. 200 crore coupled with moderation in PBILDT margin below 4% on a sustained basis.
- Moderation in Gross current asset days (GCA days) beyond 200 days on a sustained basis.
- Moderation in financial risk profile due to debt funded CAPEX, increase in working capital intensity or withdrawal of capital resulting into overall gearing above unity on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Rating Limited's (Care Ratings') expectation that PRPC shall be able to sustain its financial risk profile on back of promoter's experience in execution of mid-size civil construction projects, moderate orderbook indicating revenue visibility for medium term and adequate liquidity.

Detailed description of key rating drivers:

Key strengths

Comfortable financial risk profile

PRPC's capital structure is comfortable on account of low reliance on external debt, despite low net worth base of Rs.42.05 crore (PY: Rs. 35.20 crore), resulting in an overall gearing of 0.40x as on FY25 end (PY: 0.18x). The debt coverage ratios are also satisfactory marked by Total Debt/GCA and interest coverage ratio of 2.06x (PY:0.80x) and 6.51x (PY: 9.00x) respectively as on FY25 end.

Moderate orderbook with low counterparty risk; albeit execution risk pertaining to slow moving orders

PRPC had a moderate orderbook of Rs. 519.19 crore as on May 20, 2025, translating into Orderbook/TOI of 2.07x indicating revenue visibility in medium term. All the contracts in current orderbook are awarded by government departments, local authorities, municipal corporations or public sector units (PSUs) which minimises risk of counterparty to certain extent.

However, there has been delay in execution of orders constituting ~55% of current orderbook due to reasons not attributable to PRPC. Timely execution of all the projects shall remain crucial from credit perspective.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Modest scale of Operations; albeit low Profitability margin:

PRPC reported growth in its moderate scale of operations at compound annual growth rate (CAGR) of around 13% in past 5 years trailing FY25(prov.) to Rs. 250.35 crore (PY: Rs.244. 35 crore) from Rs. 128.20 crore as on FY21 end.

However, PBILDT and Profit after tax (PAT) margins remained moderate in the range of ~4-5% and ~2.8-3.1% respectively in past 5 years ended FY25 (prov.) primarily on account of high reliance on subcontracting of ~65-75% in past 4 years trailing FY25.

Experienced promoters with established track record of operations

Incorporated in 1976, PRPC is currently managed by third generation of promoters Chintan Patel and Chinara Patel who have experience of more than two decades in execution of civil construction projects. The firm has demonstrated project execution capability in mid-size civil construction projects including development of schools, hospitals, sports complexes, and smart city projects in Gujarat, Diu, Madhya Pradesh and Maharashtra. The firm is ably supported by team of professionals who look after project execution.

Key weaknesses

Sectoral and geographical concentration of orderbook

Operations of PRPC are geographically concentrated with ~85% of order book largely concentrated in Gujarat. Apart from Gujarat, PRPC has projects in Diu and Madhya Pradesh. All the contracts in the current orderbook pertain to construction of buildings including Hospitals, Schools, University complex, residential units under Pradhan Mantri Awas Yojna (PMAY) and sports complex.

Presence in an intensely competitive and fragmented industry with working capital intensive nature of operations:

PRPC is a mid-sized player operating in an intensely competitive construction industry with presence of large number of contractors. With low counterparty credit risk and a relatively stable payment track record of projects funded by government bodies, these projects are lucrative for all the contractors and hence are highly competitive. Thus, aggressive bidding by the players exerts pressure on profitability. The civil construction business is predominantly working capital intensive due to funds required for retention money, margin money to be provided to lenders against BG limits, apart from inventory held (including unbilled revenue), and credit period to be offered to customers. Gross current asset (GCA) days remained elongated in the range of 140-180 days in past 5 years trailing FY25.

Partnership nature of the firm

PRPC is susceptible to the risk associated with withdrawal/transfer of capital by the partners, which may lead to deterioration in the capital structure. In past 5 years trailing FY25, there has been withdrawal of capital by partners in all the years barring FY22 which has resulted into lower accretion of profits to networth. Going forward, any disproportionate withdrawal of partners' capital shall remain a key rating monitorable.

Liquidity: Adequate

PRPL's liquidity position remained adequate marked by sizeable gross cash accrual, estimated at Rs 7-10 crore per annum, as against low long term debt repayment of Rs. 1.5-2 crore in FY26-28. Liquidity cushion in form of unutilised sanctioned fund-based limits of ~20% in past 12 months trailing March 2025. The current ratio and quick ratio remained comfortable at 1.30x (PY: 1.25x) and 1.27x (PY:1.22x) respectively as on FY24 end.

PRPL had free cash and bank balance of Rs.0.69 crore (PY: Rs. 2.63 crore) and lien marked FD of Rs.16.34 crore (PY: Rs. 16.12 crore) as on FY25 end.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 1976, P R Patel & Co. is a partnership firm, engaged in primarily in construction of buildings, schools, hospitals, sports complexes, etc. for government entities majorly in Gujarat. The day-to-day operations are actively managed by third generation of promoters Mr. Chintan Patel & Chinar Patel.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	244.35	250.35
PBILDT	10.19	12.19
PAT	6.91	7.30
Overall gearing (times)	0.18	0.40
Interest coverage (times)	9.00	6.51
Gross Current Asset Days	142	164

A: Audited Prov.: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	15.00	CARE BBB-; Stable
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	55.00	CARE BBB-; Stable / CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	15.00	CARE BBB-; Stable				
2	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	55.00	CARE BBB-; Stable / CARE A3				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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