

Bhavna Property Developers Limited

September 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	49.00	CARE BBB-; Stable	Assigned
Long-term / Short-term bank facilities	69.00	CARE BBB-; Stable / CARE A3	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Bhavna Property Developers Limited (BPDL) derives strength from its experienced promoters having an established track record of over three decades in execution of multiple moderate size civil (Building) construction projects. Ratings are also strengthened by the moderate orderbook from nodal agencies of the state government yielding good revenue visibility in the near-to-medium term translating into low counterparty credit risk. The ratings also factor continuous growth in BPDL's scale of operations, moderate profitability, its moderate financial risk profile, and adequate liquidity.

However, these rating strengths are partially offset by BPDL's working capital intensive nature of operations, geographically and segment concentrated orderbook with presence in a highly competitive and fragmented construction industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable growth in its total operating income (TOI) above ₹400 crore and sustainable improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 9%.
- Improvement in its capital structure leading to an overall gearing below 0.40x.

Negative factors

- Decline in its scale of operations below ₹150 crore and decline in PBILDT margin below 5%, on a sustained basis.
- Deterioration in its capital structure leading to an overall gearing beyond 1.25x.
- Increase in its working capital intensity with gross current asset days increasing beyond 250 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that expectations that BPDL shall be able to sustain its credit risk profile in near-to-medium term backed by promoters' established track record in execution of civil construction projects.

Detailed description of key rating drivers:

Key strengths

Established track record of promoters in execution of mid-size civil construction projects

Promoted and managed by Mr. Karsanbhai Prajapati and his sons Mr. Minesh K. Prajapati and Mr. Tusharbhai K. Prajapati, BPDL has an established track record of more than three decades in executing moderate size building construction contracts for various nodal agencies of the State Government departments in Gujarat. It is a registered class 'AA' and 'Special Category I' contractor with the Gujarat Government. The company has completed more than 20 projects in civil construction industry for both private companies, and government departments and agencies. The company has demonstrated satisfactory track record in timely execution of contracts, which has helped them to secure repeat orders from its existing clients.

Moderate order book with limited counterparty risk

BPDL had an orderbook of ₹644.71 crore as on March 31, 2025, translating into 2.63x of TOI for FY25. Entire orderbook of the company is from reputed clientele like Commissionerate of Health, Roads & Building Department, and Gujarat Housing Board Gujarat, translating into low counterparty credit risk. Further during 5MFY26, the company secured an additional order worth ₹44.87 crore and has two orders totalling ~₹101 crore under the L1 category. However, the company currently has one non-moving residential re-development order of ₹257.59 crore, which is on hold due to a stay order obtained by the existing residents.

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

Continuous growth in scale of operations while maintaining its profitability

BPDL has reported continuous growth in its TOI marked by compounded annual growth rate (CAGR) of ~30% during last five years ended on March 31, 2025, albeit on a moderate base. During FY25, BPDL's TOI grew by 28.11% on y-o-y basis to ₹245.09 crore (FY24: ₹191.30 crore) backed by timely execution of orders. Further, BPDL's profitability marked by PBILDT margin improved by 77 bps to 8.24% in FY25 (7.47% in FY24), primarily due to execution of higher margin projects.

Moderate financial risk profile

BPDL's capital structure remained moderate as marked by overall gearing of 0.95x in FY25 (FY24: 1.07x) on the moderate net worth base of ₹39.20 (PY: ₹27.47 crore). The external debt is mainly in form of working capital borrowings.

Debt coverage indicators remained moderate marked by total debt/gross cash accruals (GCA) and PBILDT interest coverage ratio of 2.69x and 4.57x as of March 31, 2025, compared to 3.33x and 4.41x as of March 31, 2024, respectively.

Key weaknesses

Working capital intensive nature of operations

The construction sector is inherently working capital intensive, primarily due to the need for funding security deposits, retention amounts, and margin money for various contracts, as well as non-fund-based facilities. BPDL's operating cycle elongated to 106 days (FY24: 90 days), largely driven by a rise in inventory holding period to 93 days (FY24: 76 days) due to increased order execution at year end. Working capital requirements are predominantly met through internal accruals and sub-contractor deposits, with low reliance on sanctioned working capital limits. Effective management of working capital will remain critical from a credit perspective.

Geographical and segmental concentration risk

BPDL being a regional player, its entire orderbook is concentrated in Gujarat, with the present order book mainly skewed towards building construction works, reflecting company's geographical and segmental concentration risk. Concentration of the orderbook in one state exposes BPDL to any adverse changes in political environment or policy matters that would affect all the projects at large. However, BPDL is favourably placed for execution of projects in Gujarat where it has established local knowledge generally required for the smooth execution of projects. Also, segmental concentration provides required expertise in the sector.

Exposure to intense competition and input price volatility:

BPDL is a mid-sized player in an intensely competitive and fragmented construction industry, where projects are awarded based on bidder's relevant experience, financial capability and most competitive bid price. Moreover, low counterparty credit risk makes these projects lucrative for the contractors. As a result, competition is intense, which places pressure on profit margins. The execution period for contracts awarded to BPDL usually ranges from 12 to 36 months. Thus, profitability remains susceptible to input price fluctuations. However, majority of the contracts contains the price escalation clause which mitigates the risk to some extent.

Liquidity: Adequate

BPDL's liquidity remains adequate marked by GCA of ₹12.66 crore during FY25 (FY24: 8.86 crore) as against schedule debt repayment of ₹1.20-1.50 crore for next three years. Further, BPDL had free cash and bank balance of ₹0.11 crore as of FY25-end (FY24: ₹0.07 crore). However, BPDL's cash flow from operations remained negative at ₹5.87 crore for FY25 (FY24: -ve ₹15.09 crore). Average utilisation of working capital limits for past twelve months ended March 2025 remained moderate at ~57% and non-fund-based limits for past twelve months ended May 2025 has remained ~45%, providing liquidity cushion to the firm.

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](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 1995 by Mr. Karshanbhai Prajapati, BPD L is currently engaged mainly in execution of Civil (Building) construction contracts in Gujarat. BPD L is a registered class 'AA' and 'Special Category I' contractor with the Gujarat Government. The Operations are supported by Mr. Minesh K. Prajapati and Mr. Tusharbhai K. Prajapati, sons of Mr Karshanbhai Prajapati.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	5MFY26(UA)
Total operating income	191.30	245.09	66.13
PBILDT	14.29	20.21	NA
PAT	8.14	11.73	NA
Overall gearing (times)	1.07	0.95	NA
Interest coverage (times)	4.41	4.57	NA

A: Audited UA: Unaudited NA: Not available; 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		-	-	-	49.00	CARE BBB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	69.00	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	49.00	CARE BBB-; Stable				
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	69.00	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 lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

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About us:

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