

## Chavda Infra Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	62.86 (Enhanced from 57.59)	CARE BBB-; Stable	Reaffirmed; Outlook revised from Positive
Long-term / Short-term bank facilities	40.70 (Enhanced from 28.40)	CARE BBB-; Stable / CARE A3	Reaffirmed; Outlook revised from Positive
Short-term bank facilities	1.87 (Reduced from 1.89)	CARE A3	Reaffirmed
Long-term / Short-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Chavda Infra Limited (CIL) continues to favourably factor in its experienced promoters and its established track record of operations in the civil construction industry, growing scale of operations with healthy profitability, its healthy orderbook position indicating revenue visibility for the medium term and its adequate liquidity.

However, ratings, continue to remain constrained, considering CIL's moderate capital structure and debt coverage indicators, sectoral and geographical concentration of its orderbook and moderate counterparty risk. Ratings also factor high working capital intensity of its operations and its presence in a highly competitive and cyclical construction industry. The Income Tax (IT) department conducted a search at the company premises/sites in December 2024. CARE Ratings Limited (CareEdge Ratings) would monitor developments in this regard for major material findings.

CareEdge Ratings has withdrawn Ratings assigned to bank facilities of CIL sanctioned by ICICI Bank as the company has repaid outstanding rated facilities from this bank in full and there is no amount outstanding under them as on date. The rating action has been taken at the company's request and receipt of 'No Dues Certificate' from respective bank for facilities rated by CareEdge Ratings.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Timely execution of orders leading to growth in the scale of operations with maintenance of a healthy profitability.
- Improvement in overall gearing to 0.80x on a sustained basis.
- Improvement in liquidity cushion through efficient working capital management.

#### Negative factors

- Delay in execution of contracts leading to a significant dip in scale, and deterioration in PBILDT margin below 12% on a sustained basis.
- Debt-funded capital expenditure (capex) or continued working capital intensity, leading to moderation in financial risk profile marked by overall gearing above 1.50x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

Revision in the outlook from 'Positive' to 'Stable' considers CIL's lower-than-envisaged operating performance and continued high working capital intensity with limited liquidity cushion.

However, stable outlook reflects CareEdge Ratings' expectation that CIL shall be able to sustain its financial risk profile considering promoter's experience in execution of civil construction industry and healthy orderbook indicating revenue visibility for the medium term.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

## Detailed description of key rating drivers:

### Key strengths

#### Growing scale of operations with healthy revenue visibility in medium term

CIL's TOI grew at a compounded annual growth rate (CAGR) of around 24% in the last five years, with a total operating income (TOI) of ₹261.42 crore in FY25 (FY refers to April 01 to March 31) against ₹241.66 crore in FY24. The growth momentum is expected to continue in the near term backed by its healthy orderbook of ₹954.54 crore as on August 31, 2025, to be executed within next 18-36 months, translating into a revenue visibility of 3.65x of FY25 TOI.

#### Healthy profitability

in FY25, CIL's PBILDT margin improved by 396 bps on a y-o-y basis to 21.86% (FY24: 17.90%) considering efficient raw material usage, rate discount received from suppliers, and better absorption of fixed overheads due to economies of scale. The company's profitability depends on nature of contracts executed in the fiscal. Presence of price variation clause regarding all major raw materials such as RCC, cement, and steel insulates CIL's profitability against major fluctuations in raw material prices. PBILDT margin is expected to remain above 18% for full year FY26.

#### Experienced Promoters with long standing associated with reputed industrial and real estate players

The key promoter, Mahesh Chavda, has almost three decades of experience in the civil construction industry and looks after overall operations. He is ably assisted by his sons, Johil Chavda and Jeet Chavda, having a decade of experience in the industry. The promoter group looks after key functions of the company and is supported by an experienced and qualified management team of professionals to manage its daily operations. CIL has been in the civil construction business for around three decades and has demonstrated a track record of timely completion of civil construction contracts awarded by reputed real estate and industrial development players.

### Key weaknesses

#### Moderate capital structure and debt coverage indicators

The company's overall gearing, continue to remain moderate at 1.47x at FY25 end moderated from 0.97x at FY24 end, owing to its sizeable asset addition and high reliance on working capital debt to support the growth in scale of operations. Gearing in near term is expected to improve considering an envisaged repayment of debt. However, it is envisaged to improve subsequently with limited capex requirement (owing to a significant buildup of gross block in last two years), which shall contain its reliance on incremental working capital debt.

In line with increase in interest expenses, debt coverage indicators stood moderate as marked by PBILDT interest coverage and total debt to gross cash accruals (TD/GCA) of 4.58x (FY24: 5.99x) and 4.22x (FY24: 2.94x) respectively in FY25.

#### Working capital intensive operations

CIL is engaged in execution of civil construction works for private real estate players, where apart from higher inventory levels due to milestone-based billing system, credit period of around ~75-90 days is also extended to clientele, resulting in a high working capital intensity of operations. Moreover, with increase in number of projects under execution, advance to supplier for labour and raw material are also at higher levels resulting increase in overall working capital requirement, marked by gross current asset days and operating cycle of 385 days (FY24: 267 days) and 186 days (FY24: 115 days) respectively in FY25. Efficient management of working capital requirement going forward resulting in improvement in liquidity cushion remains crucial from a credit perspective.

#### Geographical and segmental concentration of orderbook

CIL's entire orderbook pertains to development of residential and commercial building for private real estate players in the vicinity of Ahmedabad and Gandhinagar, resulting in high geographical and segmental concentration of its operations. Downturns in these micro markets would adversely impact its cash flows. However, CIL is favourably placed for execution of projects in Ahmedabad, where it established in-house managerial resources and local knowledge generally required for smooth execution of projects.

#### Presence in competitive and cyclical construction industry

CIL is a small-sized player operating in an intensely competitive and fragmented construction industry, where the company depends on private real estate players for orders. Furthermore, the operations of the company are directly correlated to growth in the real estate sector, exposing its growth potential to vulnerability in real estate sector.

### Liquidity: Adequate

The company's overall liquidity profile stands adequate marked by sufficient GCA generated for covering debt repayment obligations, though overall utilisation of its fund-based working capital limits continues to remain high and stood at over 90% for

12 months ended August 2025. While cash flow from operations (CFO) remained negative at ₹32.21 crore in FY25, in line with elongation of company's operating cycle, funds were also deployed in asset build-up in the year. As on March 31, 2025, free cash and bank balance stood at ₹3.67 crore and lien marked FD of ₹5.23 crore. Also, its debt annual repayment obligation of around ~₹15-20 crore for three years ended FY28 is envisaged to be met out of from its GCA.

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[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

CIL (CIN: U45204GJ2012PLC072245) was initially formed in 2012 as a private limited company by Mahesh Chavda. In 2023, the constitution changed to Public Limited Company and in September 2023, the company got listed on National Stock Exchange (NSE) on SME platform.

CIL is a civil construction company offering construction services across residential, commercial and institutional projects for private real estate players in Gujarat, especially in Ahmedabad and Gandhinagar. CIL is ISO 9001:2015 certified for quality management system by BCQ Assessment Private Limited. The quality certification is towards construction of commercial, residential, institutional buildings.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	241.66	261.42
PBILDT	43.25	57.14
PAT	18.76	21.10
Overall gearing (times)	0.97	1.47
Interest coverage (times)	5.99	4.58

A: Audited; 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		-	-	-	46.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	August, 2037	8.94	CARE BBB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	7.92	CARE BBB-; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	40.70	CARE BBB-; Stable / CARE A3
Fund-based/non-fund-based-LT/ST		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit		-	-	-	1.87	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	46.00	CARE BBB-; Stable	-	1)CARE BBB-; Positive (24-Dec-24)	1)CARE BBB-; Stable (12-Jan-24)	-
2	Fund-based - LT/ ST-Cash Credit	LT/ST	40.70	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Positive / CARE A3 (24-Dec-24)	1)CARE BBB-; Stable / CARE A3 (12-Jan-24)	-
3	Non-fund-based - ST-Letter of credit	ST	1.87	CARE A3	-	1)CARE A3 (24-Dec-24)	1)CARE A3 (12-Jan-24)	-
4	Fund-based - LT-Term Loan	LT	8.94	CARE BBB-; Stable	-	1)CARE BBB-; Positive (24-Dec-24)	1)CARE BBB-; Stable (12-Jan-24)	-
5	Fund-based - LT-Working Capital Limits	LT	7.92	CARE BBB-; Stable	-	1)CARE BBB-; Positive (24-Dec-24)	1)CARE BBB-; Stable (12-Jan-24)	-
6	Fund-based/non-fund-based-LT/ST	LT/ST	-	-	-	1)CARE BBB-; Positive / CARE A3 (24-Dec-24)	-	-

LT: Long term; ST: Short 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	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	Simple
4	Fund-based - LT/ ST-Cash Credit	Simple
5	Fund-based/non-fund-based-LT/ST	Simple
6	Non-fund-based - ST-Letter of credit	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

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>  <b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	<b>Analytical Contacts</b>  Kalpesh Ramanbhai Patel Director <b>CARE Ratings Limited</b> Phone: 079-40265611 E-mail: <a href="mailto:kalpesh.patel@careedge.in">kalpesh.patel@careedge.in</a>  Vipin Bardia Associate Director <b>CARE Ratings Limited</b> Phone: +91-79-4026 5671 E-mail: <a href="mailto:Vipin.bardia@careedge.in">Vipin.bardia@careedge.in</a>  Ashutosh Sharma Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Ashutosh.sharma@careedge.in">Ashutosh.sharma@careedge.in</a>
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