

Patel Infrastructure Limited

April 10, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	510.00 (Enhanced from 350.00)	CARE BBB+; Stable	Downgraded from CARE A-; Stable
Long-term / Short-term bank facilities	2,365.00 (Enhanced from 1,525.00)	CARE BBB+; Stable / CARE A2	Downgraded from CARE A-; Stable / CARE A2+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Downgrade in ratings assigned to bank facilities of Patel Infrastructure Limited (PIL) primarily factors into sustained delay in improvement in threshold leverage indicator marked by total debt/profit before interest, lease rentals, depreciation and taxation (PBILDT) exceeding 3x since FY24 (FY refers to April 01 to March 31) it is estimated to remain elevated for FY26. It is primarily considering lower-than-envisaged improvement in working capital intensity. Working capital intensity is expected to improve in FY27 due to realisation of unbilled revenue and change of scope amount on completion of large ongoing engineering, procurement and construction (EPC) project Ganga Expressway Large funding requirement for renewable energy Public Private Partnership (PPP) projects secured by its 51% subsidiary, Patel Greentech Private Limited (PGPL) and in other three subsidiaries is expected to moderate the cash flow cushion. PIL has equity commitment of ~₹832 crore for FY27-FY28 comprising ₹132 crore towards its HAM project and subsidiaries and ₹700 crore for PGPL apart from corporate guarantee extended to holdco level debt of ₹300 crore to be raised by PGPL for funding balance equity requirements. PIL also plans to extend corporate guarantees to the debt availed by renewable SPVs till project completion. Ratings are also constrained considering moderate debt coverage indicators.

However, large order book of PIL, bidding prudence in renewable projects and established track record in project execution in Roads and Building sector are key credit strengths. PGPL has onboarded a team of experienced professionals to manage renewable vertical. Completion of on-going capex in Patel Steeltech Private Limited (PSPL, rated CARE BBB; Stable) and Patel Concretch Private Limited (PCPL, rated CARE BBB; Stable) is envisaged to lead to improvement in operating margins going forward. Going forward, scaling up of operations, while generating envisaged cash accruals and rationalising working capital intensity are key rating sensitivities.

Furthermore, some financial flexibility from two operational NH- hybrid annuity model (HAM) special purpose vehicles (SPVs) wherein top up debt has already been raised from one SPV in 9MFY26 and from one is planned in FY27 provides some flexibility. These strengths are partially offset by working capital intensive operations, exposure to PPP projects with technological risk inherent in battery energy storage (BESS) projects and competitive intensity and execution hurdles in roads projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in leverage marked by adjusted debt (includes guaranteed debt of PGPL) / PBILDT of less than 3x while deploying substantial equity commitments.
- Substantial realisation of stretched current assets days including from Ganga Expressway and ramping up of operations as envisaged.

Negative factors

- Delay in rationalisation of debt levels or moderation in profitability leading to adjusted debt (includes guaranteed debt of PGPL) /PBILDT of over 5x on a sustained basis.
- Delay in recovery of stretched gross current assets beyond envisaged timelines
- Higher-than-envisaged equity commitment in PPP projects and its impact on leverage.

Analytical approach: Standalone

CARE Ratings Limited (CareEdge Ratings) has considered standalone financials of PIL, while assessing its credit risk profile. However, equity commitments and support, if required, for its subsidiaries' projects have also been factored in. PIL has also

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

extended corporate guarantees to the debt raised by PSPL and PCPL in addition to its subsidiaries, which have also been factored in analysis.

Outlook: Stable

The 'Stable' outlook assigned to PIL's bank facilities considers healthy order book position providing good revenue visibility in the medium term expected healthy cash accruals and improvement in the working capital intensity.

Detailed description of key rating drivers:

Key strengths

Established track record in construction sector

PIL has an established track record of operations of over five decades and has executed multiple large sized projects and has developed its expertise in the construction of roads, bridges and buildings. PIL has executed road and building projects for government bodies such as National Highways Authority of India (NHAI, rated CARE AAA; Stable), Ministry of Road Transport and Highways (MoRTH), Road and Bridges (R&B) division of different states, municipal corporation bodies, and JNNURM housing scheme among others. Currently, Arvind Patel manages business operations. He is ably supported by his sons Krunal Patel and Parth Patel. With foray into renewable space, PIL, through PGPL is supported ably through professional management, with presence of key executives from the same domain.

Healthy order book position with low to moderate counterparty credit risk

PIL has an outstanding order book position of ₹14,153 crore as on December 31, 2025 (₹8540 crore as on October 31, 2024), indicating an order book to total operating income (TOI) ratio of 3.96x basis FY25 revenue. Since last review, PIL has been awarded eight new projects amounting to ₹12,691 crore. The renewable projects have been awarded at a competitive rate and have strong counterparty, reducing counterparty risk.

The order book is geographically diversified among eight states: Maharashtra (52%), Gujarat (33%), Uttar Pradesh (7%), and balance among Andhra Pradesh, Haryana, Himachal Pradesh, Odisha and Rajasthan.

Orderbook is also moderately diversified segmentally, with roads constituting 46%, and Renewable projects 35% of the outstanding order book (with majority EPC Projects) and balance in Building work and Railway Projects.

Majority orderbook is from governmental nodal agencies, translating to lower counterparty credit risk, these include NHAI, MSRDC, GUVNL, among others. However, orders amount to ~₹11,900 crore as on December 31, 2025, are awaiting appointed date. Timely receipt of appointed date in these projects and ramping up of revenue shall be crucial from credit perspective.

Improvement in scale of operations and stable profitability

PIL's TOI in FY25 increased by 21% to ₹3577 crore compared to ₹2951 crore in FY24. This was primarily supported by healthy execution of the Ganga Expressway Project. PBILDT margin moderated at 9.33% in FY25 (PY: 11.10%). PIL reported a gross cash accrual (GCA) of ₹158 crore in FY25 against ₹144 crore in FY24.

In 9MFY26, PIL reported a healthy TOI of ₹2217 crore with a PBILDT of 12.13%, backed by strong execution of Rajasthan projects and Ganga Expressway project and is expected to marginally degrow in TOI for FY26. With strong order book position, scale of operations is envisaged to increase going forward. This apart, with successful background integration through PCPL and PSPL, and execution of EPC projects from SPVs, the PBILDT margin is estimated to improve from FY27 onwards.

Venture into renewable energy and other backward integrated operations

To have a better control on cost and quality, PIL entered backward integration via – PCPL and PSPL. Both entities are 100% subsidiaries of PIL. While PSPL shall be manufacturing road furniture infrastructure, PCPL is into manufacturing pre-cast structures, primarily for building projects of PIL in Maharashtra. The total project cost for PSPL is ₹50 and for PCPL is ₹200 crore. It shall be funded through term debt of ₹36 and ₹138 crore respectively and balance through promoter contribution. Term loans shall be guaranteed by PIL.

In FY25, PIL incorporated a subsidiary PGPL, to house the build, operate and transfer (BOT) – Renewable projects. PIL will hold 51% stake in PGPL, while balance 49% shall be held by promoters.

Key weaknesses

Rising exposure to PPP projects

As on March 31, 2025, PIL's exposure to PPP projects remained high at 35% of the net worth, which is expected to increase further in the medium term. Total equity commitments from FY27-FY28 stands high at ~₹832 crore, which is ~5x of FY25's GCA. Debt availed by such PPP projects and Holdco level debt at PGPL shall be guaranteed by PIL, which may further limit the financial flexibility of PIL. Total debt (including guaranteed debt) / PBILDT not exceeding 5x going forward, shall be a key rating monitorable. Given the high equity commitments, timely scaling operations and generating of cash accruals as envisaged shall remain crucial. However, PIL has the cushion of availing mobilisation advances in the projects where Appointed date is achieved, which may provide some respite and a boost for timely execution.

PIL is exposed to inherent project execution risks related to its HAM, solar, and BESS projects. With over five decades of experience in the road segment, execution risk for HAM projects stands alleviated. Project execution risk in solar projects is relatively lower compared to roads and transmission. For the BESS projects, PGPL has signed 12-year contracts with NTPC Limited (rated CARE AAA; Stable / CARE A1+) and a 15-year contract with SJVN Limited (rated CARE AA+' Stable / CARE A1+) and is awaiting financial closure. For the solar project, PIL has entered PPA with Gujarat Urja Vikas Nigam Limited (GUVNL; rated CARE AA+; Stable / CARE A1+), and the project is awaiting appointed date. As PIL diversifies into emerging segments, it is exposed to risks related to battery sourcing, technology, and operating performance.

High leverage and moderate debt coverage indicators

With sustained high working capital intensity, the debt levels have remained elevated, leading to leveraged capital structure. Total debt/PBILDT exceeded 3x from FY24-FY25 and is estimated to remain elevated for FY26. PIL's capital structure continued to remain weak marked by overall gearing of 1.34x as on March 31, 2025 (FY24: 1.42x). Continued high working capital intensity led to reliance on debt and led to increase in finance charges, moderating debt coverage indicators marked by an interest coverage of 2.08x in FY25. Timely ramp-up in scale of operations and envisaged generations of cash accruals and reduction in working capital intensity is critical for rationalizing debt and improving debt coverage indicators.

Working capital intensive operations

In the last few years till March 31, 2024, there has been significant built-up of unbilled revenue and receivables leading to high gross current asset days of ~259 days in FY24. While gross current asset days have shown marginal improvement to 227 days, it remains significantly high. PIL is undertaking a large-scale EPC project (Ganga Expressway), where in the built-up of unbilled revenue is high due to pending approval towards change in scope (COS). The project is envisaged to be completed by Q2FY27 and funds are expected to be released thereafter. However, timely realisation is crucial to reduce reliance on external debt (including mobilisation advances), especially given the high quantum of equity commitments.

Heightened execution challenges as well competition in the construction sector

Pace of construction for National Highways saw a decrease of 15%, reaching 29 km/day on y-o-y basis. CareEdge Ratings forecasts a ~9-10% decline in the pace of National Highways construction in FY26 compared to FY25. The construction rate is expected to slow from 10,660 km in FY25 to 9,500 km in FY26 owing to low awarding and execution hurdles. Competition intensified in the last three years. With discontinuation of the Atma Nirbhar Bharat scheme for monthly payment releases and higher share of state road projects, working capital intensity for road developers is expected to increase further in FY26. Operating margins (PBILDT margins) of the road EPC industry are expected to witness moderate contraction of ~100-150 bps, primarily due to elevated volatility in input costs, particularly bituminous prices, driven by the ongoing West Asia crisis. However, as articulated by PIL's management, almost entire bitumen related work has been completed, insulating the company towards such price variations.

Liquidity: Adequate

PIL's liquidity position is adequate marked by expected cash accruals of ~₹250 crore in FY27 repayment obligations of ~₹25 crore in FY27. However, equity commitments from FY27-FY28 remain high at ₹832 crore, which are expected to be funded via internal accruals, apart from realisation of debtors from Ganga Expressway Project, by H1FY27.

Average working capital utilisation of its fund-based facilities remained high at 97% for 12 months ended February 2026. However, fund-based limits (excluding project specific limits) have been enhanced by ₹150 crore in March 2026, which shall support the liquidity. PIL has flexibility to avail mobilisation advances from major projects, which shall provide some cushion.

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

PIL is a Gujarat-based limited company, incorporated by late Vithalbai Patel in 2004 to take over operations of a partnership firm - M/s. Patel Construction Company, which was operational in the construction business and managed by the same promoter family since 1972. In December 2017, the company's constitution was changed from private limited to closely held public limited company. PIL is currently managed by Pravin Patel and Arvind Patel and their family.

PIL is engaged in construction of road/bridge and building/office complexes on EPC basis. In addition to construction of road on EPC basis, PIL also undertakes construction of road on BOT basis. PIL currently has a portfolio of three BOT projects including two partially operational NHAI HAM projects and one operational annuity project from Government of Gujarat (GoG). PIL is accredited "AA class" (highest in the scale of AA to E) contractor status by Road & Building (R&B) department, GoG for execution of roads, flyovers, bridges and buildings.

Brief Financials (₹ crore)	March 31, 202 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	2951	3577	2217
PBILDT*	328	334	269
Profit after tax (PAT)	73	123	95
Overall gearing (x)	1.42	1.34	1.30
Interest coverage (x)	1.80	2.08	2.16

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	510.00	CARE BBB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	2365.00	CARE BBB+; Stable / CARE A2

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	510.00	CARE BBB+; Stable	1)CARE A-; Stable (08-Apr-25)	1)CARE A-; Stable (08-Jan-25)	1)CARE A-; Stable (09-Oct-23) 2)CARE A-; Stable (04-Apr-23)	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	2365.00	CARE BBB+; Stable / CARE A2	1)CARE A-; Stable / CARE A2+ (08-Apr-25)	1)CARE A-; Stable / CARE A2+ (08-Jan-25)	1)CARE A-; Stable / CARE A2+ (09-Oct-23) 2)CARE A-; Stable / CARE A2+ (04-Apr-23)	-

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.

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