

Chavda Infra Limited

October 12, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long Term / Short Term Bank Facilities	RBI	44.28 (Enhanced from 40.70)	CARE BBB-; Stable / CARE A3	Reaffirmed
Long Term Bank Facilities	RBI	59.28 (Reduced from 62.86)	CARE BBB-; Stable	Reaffirmed
Short Term Bank Facilities	RBI	1.87	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in ratings assigned to the bank facilities of Chavda Infra Limited (CIL) continue 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. The ratings, further take cognizance of improvement in capital structure and moderate debt coverage indicators.

The ratings, however, continue to remain constrained on account of sectoral and geographical concentration of CIL's orderbook and moderate counterparty risk. The ratings also factor in high working capital intensity of CIL's operations and its presence in a highly competitive and cyclical construction industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Total outside liabilities to tangible net worth (TOL/TNW) below 1x on sustained basis.
- Timely execution of orders leading to growth in the scale of operations with maintenance of a healthy profitability on 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, along with deterioration in profit before interest, lease, depreciation and tax (PBILDT) margin below 12% on a sustained basis
- Moderation in financial risk profile marked by TOL/TNW above 2x on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CareEdge Ratings' (Care Ratings Limited') expectation that CIL shall be able to sustain its financial risk profile on back of promoter's experience in execution of construction projects and healthy orderbook indicating revenue visibility for medium term.

Detailed description of key rating drivers

Key strengths

Improvement in capital structure and moderate debt coverage indicators

CIL's overall gearing improved to 0.63x as on March 31, 2026 as against 1.47x on March 31, 2025, owing to augmentation of its tangible net-worth (TNW) base to ₹ 219.10 crore as on March 31, 2026 (P.Y.: ₹ 110.20 crore). CIL, in January 2026, raised fresh equity capital amounting to ₹91.20 crore by way of preferential allotment of equity shares which along with accretion of profit to reserves, augmented TNW.

CIL's debt coverage indicators remained moderate marked by PBILDT interest coverage and total debt to gross cash accruals (TD/GCA) of 3.19x (FY25: 4.58x) and 4.39x (FY25: 4.22x) respectively during FY26.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Growing scale of operations healthy revenue visibility in medium term

The company's scale of operations continued to improve, with total operating income (TOI) increasing to ₹ 320.63 crore in FY26 (FY refers to the period April 01 to March 31) from ₹ 261.42 crore in FY25, registering a y-o-y growth of ~23%. The growth was supported by steady execution of its order book. The growth in momentum is expected to continue in the near term backed by its healthy orderbook of ₹ 814.07 crore as on August 31, 2026 (₹954.54 crore as on August 31, 2025), to be executed within next 18-36 months, translating into a revenue visibility of 2.54x of FY26 TOI (P.Y.: 3.65x of FY25 TOI). For Q1FY27, CIL reported TOI of ₹84 crore (P.Y.: ₹46.40 crore).

Healthy profitability

The PBILDT margin of CIL although decline by 355 bps, remained healthy at 18.31% in FY26 as against 21.86% in FY25. Further, presence of price variation clause regarding all major raw materials such as RCC, cement, and steel insulates CIL's profitability against major fluctuations in key raw material prices. PBILDT margin moderated to 13.27% in Q1FY27 (Q1FY26: 23.71%) owing to purchase of raw material (primarily in aluminium formwork systems and its moulds) for certain projects. However, these costs are expected to be absorbed over the project execution cycle, with profitability likely to improve as project activities gain momentum, particularly during the latter half of the fiscal year.

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

Working capital intensive operations

CIL is engaged in execution of civil construction works for private real estate players, wherein apart from higher inventory levels due to milestone-based billing system (resulting in un-billed revenue), 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, overall working capital requirement has also increased, marked by gross current asset days and operating cycle of 428 days (FY25: 385 days) and 199 days (FY25: 186 days) respectively during FY26. Efficient management of working capital requirement going forward resulting in improvement in liquidity cushion remains crucial from credit perspective.

Geographical and segmental concentration of orderbook along with moderate counterparty risk

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. The top 5 orders contribute to 69% of the orderbook as on August 31, 2026. Any downturn in these micro markets would adversely impact its cash flows. However, CIL is favourably placed for execution of projects in Ahmedabad wherein it has established in-house managerial resources and local knowledge generally required for the smooth execution of the projects. Most of the counterparties comprise reputed private real estate developers in Gujarat, resulting in a moderate counterparty credit risk for CIL.

Presence in competitive and cyclical construction industry

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

Liquidity: Adequate

Overall liquidity profile of the CIL remains adequate marked by sufficient GCA generated for covering the debt repayment obligations, though overall utilisation of its fund-based working capital limits continues to remain high and stood at over 90% for the trailing 12 months ended August 2026. While cash flow from operations (CFO) remained negative at ₹15.61 crore during FY26 (₹32.21 crore during FY25), in line with elongation of company's operating cycle, funds were also deployed in asset build-up during the year. As on March 31, 2026, free cash and bank balance stood at ₹ 4.94 crore along with lien marked FD of ₹ 5.65 crore (PY: free cash and bank balance stood at ₹ 3.67 crore along with lien marked FD of ₹ 5.23 crore). For FY27-FY29, CIL is envisaged to generate gross cash accruals (GCA) of ₹35-46 crore as against debt repayment of ₹ 12-22 crore for the same period.

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](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Chavda Infra Limited (CIL; CIN: U45204GJ2012PLC072245) was initially formed in 2012 as a private limited company by Mahesh Chavda. Subsequently in 2023, the constitution was changed to Public Limited Company and during 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, 2025 (A)	March 31, 2026 (A)	Q1FY27(UA)
Total operating income	261.42	320.63	84.03
PBILDT*	57.14	58.70	11.53
Profit after tax (PAT)	21.10	17.00	6.7
Overall gearing (x)	1.47	0.63	NA
Interest coverage (x)	4.58	3.19	3.28

A: Audited; UA: Unaudited; Note: these are latest available financial results NA: Not available

PBILDT: Profit before interest, lease, depreciation and tax

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	NA	-	-	-	-	46.00	CARE BBB-; Stable
Fund-based - LT-Term Loan	RBI	NA	-	-	-	31-08-2037	6.67	CARE BBB-; Stable
Fund-based - LT-Working Capital Limits	RBI	NA	-	-	-	-	6.61	CARE BBB-; Stable
Fund-based - LT/ST-Cash Credit	RBI	NA	-	-	-	-	44.28	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Letter of credit	RBI	NA	-	-	-	-	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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	46.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (09-Oct-25)	1)CARE BBB-; Positive (24-Dec-24)	1)CARE BBB-; Stable (12-Jan-24)
2	Fund-based - LT/ST-Cash Credit	LT/ST	44.28	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (09-Oct-25)	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 (09-Oct-25)	1)CARE A3 (24-Dec-24)	1)CARE A3 (12-Jan-24)
4	Fund-based - LT-Term Loan	LT	6.67	CARE BBB-; Stable	-	1)CARE BBB-; Stable (09-Oct-25)	1)CARE BBB-; Positive (24-Dec-24)	1)CARE BBB-; Stable (12-Jan-24)
5	Fund-based - LT-Working Capital Limits	LT	6.61	CARE BBB-; Stable	-	1)CARE BBB-; Stable (09-Oct-25)	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)Withdrawn (09-Oct-25)	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: 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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