

TTK Construction

January 30, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	30.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	85.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

TTK Construction has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on TTK Construction's bank facilities will now be denoted as **CARE B+; Stable/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in ratings assigned to the bank facilities of TTK Construction (TTK) takes into account of increased debt levels leading to moderation in capital structure, elongated collection period leading to higher working capital utilization. The ratings continue to be constrained by concentrated order book albeit grown during current year, profitability margins susceptible to fluctuation in raw material prices, tender driven nature of business with highly competitive intensity and partnership nature of business constitution with inherent risk of withdrawal of capital. The ratings however derive strength from experienced promoters with established track record of operations, comfortable capital structure and established clientele base

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on December 11, 2023 the following were the rating strengths and weaknesses (updated for the information from the firm).

Key Weaknesses

Concentrated order book, albeit improved

The orderbook stood at Rs. 1,347.93 crores (3.38x of FY24 revenue) as on August 16, 2024, compared to Rs. 1224.95 crores as on November 07, 2023. The order book includes a large single National Highway 47 (NH47) project from National Highways Authority of India (NHAI), Project Implementation Units (PIU) Nagercoil of total order value of Rs.1041.36 crores during August 2023. The order book is concentrated with the above order forming 77%% of total outstanding order book position, and furthermore the operations of the firm are geographically concentrated within the regions of Tamil Nadu.

Susceptibility of profit margins to the raw material price fluctuation

Raw materials constitute a significant cost component for construction sector entities, and their volatile prices expose the cost structure to fluctuations in the prices of key materials like steel, cement, bitumen, sand, and bricks. Consequently, the firm's profit margins are susceptible to the volatility of raw material prices. The PBILDT margin stood moderate at 9.98% in FY24 albeit improved from 7.87% in FY23.

Tender driven nature of business with highly competitive intensity

The firm receives around 100% work orders from State Government of Tamil Nadu. All these are tender-based and the revenues are dependent on the firm's ability to bid successfully for these tenders. Profitability margins come under pressure because of competitive nature of the industry. However, the promoter's vast experience in similar industry for two decades mitigates this risk

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

to some extent. TTK operates in highly fragmented and competitive industry having presence of large number of medium sized players. Also, the presence of big sized players with established track record and network results into intense competition in the industry.

Partnership nature of the business constitution with inherent risk of withdrawal of capital

TTK is a partnership firm, carries an inherent risk of capital withdrawal by the partners to address personal contingencies. This withdrawal can erode the company's capital base, negatively impacting its capital structure. Notably, the partners withdrew Rs.4.21 crore in FY24 (PY: Rs.2.07 crore).

Moderate capital structure

The capital structure of the firm moderated with overall gearing at 2.41x as on March 31, 2024 as against 1.00x as on March 31, 2023. The firm has availed term loan of Rs.35.0 crore for working capital requirement of the newly procured order. The firm does not avail any mobilization advances. While the interest coverage ratio stood comfortable at 5.02x in FY24 (PY: 4.40x).

Key Strengths

Extensive experience of the promoters:

The firm is managed by its promoters Mr. T. Thanikodi along with his family members Ms. T. Pavalakodi, Mr. T. Sivakumar and Mr. T. Rajavel Pandian who have been in this business for more than a decade. Mr. T. Thanikodi also runs a proprietorship concern with the same line of business for more than two decades and looks after the overall activities of the firm. Further, they are supported by a team of qualified managerial personnel with extensive experience in their respective fields for executing contracts on time. The firm is operating since 2006 and has over 18 years of track record of operations in the construction sector.

Established relationship with Government bodies:

The firm is into the civil construction business for more than a decade and has executed various orders for State Government of Tamil Nadu. Most of the order book consists of projects from National Highway Authority of India (NHAI) and Public Works Department (PWD). The firm has a longstanding relationship with the state Government bodies.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Definition of Default](#)

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

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

TTK Construction (TTK), a partnership firm founded in 2006 in Madurai, Tamil Nadu, by Mr. T. Thanikodi and his family members, Ms. T. Pavalakodi, Mr. T. Sivakumar, and Mr. T. Rajavel Pandian. TTK holds a Class I registration with the National Highways (NH) and primarily focuses on constructing and maintaining roads, bridges, and irrigation projects for government entities, including the Department of Highways and city corporations.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)	Q1FY25 (UA)
Total operating income	211.83	398.58	80.00
PBILDT	16.67	39.79	NA

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)	Q1FY25 (UA)
PAT	5.33	18.24	NA
Overall gearing (times)	1.00	2.41	NA
Interest coverage (times)	4.4	5.02	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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	30.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	85.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Bank Overdraft	LT	30.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (11-Dec-23)	1)CARE BB+; Stable (22-Dec-22)	1)CARE BB+; Stable (31-Mar-22) 2)CARE BB; Stable (14-Apr-21)
2	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	85.00	CARE B+; Stable / CARE A4; ISSUER	-	1)CARE BB+; Stable / CARE A4+	1)CARE BB+; Stable / CARE A4+	1)CARE BB+; Stable / CARE A4+

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	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	Date(s) and Rating(s) assigned in 2021-2022
				NOT COOPERATING*		(11-Dec-23)	(22-Dec-22)	(31-Mar-22) 2)CARE BB; Stable / CARE A4 (14-Apr-21)

*Issuer did not cooperate; based on best available information.

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-Bank Overdraft	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.

Contact Us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Sandeep P Director CARE Ratings Limited Phone: 914428501002 E-mail: sandeep.prem@careedge.in</p> <p>Naveen S Associate Director CARE Ratings Limited Phone: 914224502305 E-mail: naveen.kumar@careedge.in</p> <p>Ragavilashini Muralikrishnan Lead Analyst CARE Ratings Limited E-mail: Ragavilashini.M@careedge.in</p>
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About us:

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Disclaimer:

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