

Seethal Constructions

August 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.20	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	20.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB; Stable and ST rating reaffirmed 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

CARE Ratings Ltd. has been seeking information from Seethal Constructions to monitor the rating(s) vide email communications/letters dated June 11,2025 , June 18, 2025 , July 01,2025, July 15,2025 , July 29,2025 , August 19,2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Seethal Constructions's bank facilities will now be denoted as CARE BB-; 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 ratings have been revised on account of non-availability of information.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on 7th October,2024 , the following were the rating strengths and weaknesses

Key weaknesses

Small scale of operations and moderate profitability margins

The scale of operations of the firm have remained small over the years with TOI ranging from Rs. 50-70 crores during FY20-FY24. The PBILDT margin has remained moderate in the range of 8%-10% over the period FY20-FY24. Further, it is to be noted that some contracts have price adjustment clause while some do not have the same, thereby exposing the profitability margins to changes in input prices.

Customer and geographic concentration risks

The firm caters primarily to the Karnataka state government with its contribution being 94% to FY24 revenue, and it has executed all the orders in the state of Karnataka which in turn exposes the firm to customer and geographic concentration risks. Any unfavourable changes in the government policies will have an adverse impact on the credit profile of the firm.

Tender based business and highly competitive nature of construction industry

The firm operates in the intensely competitive construction industry. The Indian construction sector is highly fragmented with the presence of many mid and large-sized players. All the contracts are awarded through tendering process based on financial criteria and price bid. The presence of large number of players results in aggressive bidding which exerts pressure on the margins.

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

Partnership nature of constitution

Seethal construction's constitution as a partnership firm restricts its overall financial flexibility in terms of limited access to external fund and ability to absorb losses or financial exigencies. Furthermore, there is an inherent risk of possibility of withdrawal of partner's capital at the time of personal contingency which will affect its capital structure.

Key strengths

Moderate orderbook position providing short-term revenue visibility

The firm presently has confirmed orders worth Rs. 85 crores from State Highway Development Project (SHDP), Karnataka. The confirmed orderbook translates to 1.46x FY24 revenue which provides revenue visibility in the near term. This apart, the firm has bid for orders worth Rs. 25 crores and is likely to receive those orders. Depending on the size of contract, the timelines for execution of orders has remained in the range of 3-18 months.

Comfortable capital structure and debt protection metrics albeit modest network base

The capital structure of the firm stood comfortable marked by overall gearing of 0.25x and TOL/TNW of 0.36x as on 31st March, 2024 as against 0.29x and 0.48x as on 31st March, 2023. Further the coverage indicators stood comfortable marked by interest coverage ratio of 5.74x in FY24 (FY23: 5.92x) and TD/GCA of 1.41x in FY24 (FY23: 1.49x). As on March 31, 2024 the network base stood modest at Rs. 27.03 crores thus restricting the financial flexibility of the firm.

Moderate Working capital cycle with thin CFO

The operations of the firm are moderately working capital intensive due to tender based nature of operations. The payments from customers are received milestone-wise and the firm receives payments post 2-3 months from the date of billing. The firm does not receive any mobilization advances from its customers. Further a part of sales proceeds are also withheld in the form of retention money which necessitates working capital requirement. Thus, the firm relies on bank borrowings to meet the working capital needs. Moreover, there has been an increase in number of months for which retention money is held. Accordingly, the firm has enhanced its BG facility from Rs. 11 crores to Rs. 20 crores. The inventory days deteriorated from 23 days in FY23 to 38 days in FY24 owing to higher inventory at the end of March. The operating cycle deteriorated slightly to 48 days in FY24 as against 29 days in FY23. Despite increase, the operating cycle remains moderate. The cashflow from operations remained thin at Rs. 0.70 crores in FY24 led by increase in inventory. Hence, ability of the company to improve its cash flow from operation along with growth in scale and profitability remain a key monitorable.

Liquidity: Adequate

The liquidity position is adequate marked by expected GCA of around Rs. 5 crores against repayment obligations of around Rs. 1-1.3 crores during FY25 and FY26. Further, the average fund-based working capital utilization stood at 50% and BG utilization stood at 56% for the past 12 months ended June-24 which provides some backup. Moreover, the firm has received enhanced sanction in BG limits to Rs. 20 crores from Rs. 11 crores and increase in OD limits to Rs. 10 crores from Rs. 6 crores from July-2024. However, cash and liquid investments stood low at Rs. 3.72 crores during FY24. (FY23 : 11.97 crores). Cashflow from operations stood thin at Rs. 0.70 crores during FY24. (FY23 : Rs. 4.67 crores).

Applicable criteria

[Definition of Default](#)

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

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[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

Seethal Constructions is a partnership firm established in the year 2004. The firm is a civil engineering contractor and is engaged in construction activities primarily for PWD, Karnataka. The firm is mainly engaged in the construction of roads and bridges and is registered as a Class-I contractor under Karnataka Public Works Department (PWD). The firm has its registered office located in Bangalore.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	69.91	65.79
PBILDT	6.25	7.15
PAT	4.16	5.26
Overall gearing (times)	0.29	0.21
Interest coverage (times)	5.92	8.83

A: Audited UA: Unaudited; 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		-	-	-	10.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31/3/2028	3.20	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	20.00	CARE BB-; 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 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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	20.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (07-Oct-24)	-	-
2	Fund-based - LT-Bank Overdraft	LT	10.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (07-Oct-24)	-	-
3	Fund-based - LT-Term Loan	LT	3.20	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (07-Oct-24)	-	-

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

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-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	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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