

Sudhanva Engineers And Builders

March 23, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	16.50	CARE A4; ISSUER NOT COOPERATING*	Rating 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 Limited (CARE Ratings) has been seeking information from Sudhanva Engineers And Builders (Sudhanva) to monitor ratings vide email communications/letters dated January 07, 2026, March 02, 2026, among others and numerous phone calls. However, despite our repeated requests, the company has not provided requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CARE Ratings has reviewed the rating based on the best available information, which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. Ratings on Sudhanva's bank facilities will now be denoted as **CARE B+; Stable/CARE A4; ISSUER NOT COOPERATING***.

Users of these ratings (including investors, lenders, and public at large) are hence requested to exercise caution while using above ratings.

The revision in ratings is 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 April 03, 2025, the following were the rating weaknesses and strengths:

Key weaknesses

Constitution of the entity as proprietorship firm with inherent risk of withdrawal of capital

SEAB is constituted as a proprietorship firm wherein it is exposed to frequent withdrawal of proprietor's capital and resultant erosion of the net worth resulting in lower capital base despite the firm being able to generate sufficient profits in the past. Furthermore, proprietorship firms have restricted access to external borrowings as credit worthiness of the proprietors would be key factor affecting credit decision for the lenders.

Working capital intensive nature of operations

The firm operates in a working capital-intensive industry. The counterparty is mainly government backed entities wherein the payments are assured but stretched. In state owned entities, there are various claims to be filed with authorities and this whole process of filing and reviewing the claims takes time, leading to stretched receivables. Consequently, similar terms are negotiated with the creditors.

Volatility in raw material prices

The prices of the key raw materials viz., iron, cement, sand and aggregates are volatile in nature. Volatility in input prices also impacts the profitability margins. Moreover, the firm does not enter into any agreement with contractor to safeguard its margins against any increase in labour prices thus it remains susceptible to the same. Hence, any adverse fluctuation in the prices can adversely affect the profitability margins of the firm.

Tender Based orders

The firm receives 100% work orders from government organization. All these are tender-based, and the revenues are dependent on the firm's ability to bid successfully for these tenders. Yearly, the firm participates to bid in around 10- 12 orders, out of which 50% are successfully converted by them. Profitability margins come under pressure because of competitive nature of the industry. However, the promoter's long industry experience of two decades mitigates this risk to some extent. Nevertheless, there are numerous fragmented & unorganized players operating in the segment which makes the construction space highly competitive.

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

Client Geographical concentration

The firm is a contractor for various clients located at Karnataka. The geographic presence of these customers is restricted to Karnataka reflecting geographical concentration risk. However, the entire order book is funded by state government which partly mitigates the counter party risk. SEAB has established strong relationships with various government authorities and focuses on projects floated by the government authorities in the state of Karnataka.

Customer Concentration Risk

The orders to the company are solely from Karnataka government department. The firm mainly caters to KIADB (Karnataka Industrial Area Development Board) and KUWSDB (Karnataka Urban Water Supply & Drainage Board) which exposes the firm to customer concentration risk.

Key strengths

Experienced promoter in similar line of business

Mr. Sudhanva S is a civil engineer by qualification and has more than a decade of experience in the construction industry. SEAB offers construction of generator, wet well and DG rooms; construction of internal roads; drainage and water supply solutions to government by laying of underground pipelines for water supply; and building underground drainage system of waste water for clean environment.

Decline in scale of operations in FY24 albeit improvement witnessed in FY25 and moderate profitability margins

The Total Operating Income (TOI) declined by 41% from Rs. 48 crore in FY23 to Rs. 28 crore in FY24. The firm gives performance bank guarantees to its clients. Earlier, performance bank guarantees were released post completion of the contract. Now as per change in government regulations, the bank guarantees are released post maintenance period of 5 years after completion of the contract. This led to BGs getting stuck and due to inadequacy of BG limits, the firm could not execute additional contracts which led to decline in the revenues in FY24. However whatever contracts the firm had were executed which led to improvement in the margins. The PBILDT margin improved from 10.92% in FY23 to 14.68% in FY24. In February-24, the firm enhanced its limits from Rs. 6.5 crore to Rs 16.5 crore. This enabled the firm to execute more contracts and led to improvement in the revenues. Till YTD FY25 (April 01, 2024 to March 24, 2025), the firm has achieved revenue of ~Rs. 90 crore and has unexecuted orderbook of Rs. 186 crore which provides revenue visibility for FY26.

Moderate capital structure and debt coverage indicators

The overall gearing deteriorated marginally and stood at 1.72x as on March 31, 2024 as compared to 1.45x as on March 31, 2023 on account of increase in unsecured loans and working capital borrowings as on year end date. TOL/TNW stood at 2.14x as on March 31, 2024 as compared to 2.10x as on March 31, 2023 and interest coverage ratio declined to 1.62x in FY24 as compared to 2.24x in FY23. The overall net worth remains modest at Rs 11.57 crore as on 31st March, 2024.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

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

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Sudhanva Engineers and Builders (SEAB) was established in the year 2011 and is engaged in construction activities for public work department. The firm is based out of Bangalore, Karnataka and promoted by Mr. Sudhanva S, a civil engineer by qualification. SEAB offers construction of generator, wet well and DG rooms; drainage and water supply solutions to government by laying of underground pipelines for water supply; and building underground drainage system of wastewater for clean environment. The 3 CARE Ratings Ltd. firm mainly caters to KIADB (Karnataka Industrial Area Development Board) and KUWSDB (Karnataka Urban Water Supply & Drainage Board) and does subcontracting as well.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	47.63	27.71	55.49
PBILDT*	5.20	4.07	6.13
Profit after tax (PAT)	2.94	1.87	4.78
Overall gearing (x)	1.45	1.72	NA
Interest coverage (x)	2.24	1.62	5.06

A: Audited UA: Unaudited NA: Not available; 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	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	9.75	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31-01-2025	0.25	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	16.50	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	Fund-based - LT-Cash Credit	LT	9.75	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (03-Apr-25)	-	1)CARE BB-; Stable (05-Feb-24) 2)CARE BB-; Stable (05-Apr-23)	-
2	Non-fund-based - ST-Bank Guarantee	ST	16.50	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (03-Apr-25)	-	1)CARE A4 (05-Feb-24) 2)CARE A4 (05-Apr-23)	-
3	Fund-based - LT-Term Loan	LT	0.25	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (03-Apr-25)	-	1)CARE BB-; Stable (05-Feb-24) 2)CARE BB-; Stable (05-Apr-23)	-

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

LT: Long term; ST: 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	Non-fund-based - 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.

Contact us

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