

Palathra Constructions

March 26, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	17.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	16.00	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 (CareEdge Ratings) has been seeking information from Palathra Constructions (PC) to monitor the rating vide e-mail communications dated March 12, 2026, January 15, 2026, January 06, 2026, December 29, 2026, December 22, 2026 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 Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. The ratings on PC's bank facilities will now be denoted as '**CARE B+; Stable; ISSUER NOT COOPERATING/ 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 assigned to the bank facilities of Palathra Constructions (PC) have been revised on account of non-availability of requisite information. The ratings assigned to the bank facilities of PC remained constrained on account of small scale of operations, moderate capital structure and weak debt protection metrics in FY25 (Audited- refers to the period from April 01 to March 31). The ratings further remained constrained on account of tender driven nature of business with highly competitive industry. However, ratings continue to draw strength from vast experience of promoters, comfortable profit margins, established Relationship with government bodies.

Analytical approach: Combined

CARE has combined the business and financial risk profiles of Palathra Constructions, Shaji Mathew and Manoj Mathew (together referred to as Palathra group). This is because all the entities are in similar lines of business have common management and share business synergies.

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on February 07, 2025 the following were the rating strengths and weaknesses (updated from the information available from client.)

Key weakness

Small scale of operations with moderate and geographically concentrated order book

The group's TOI has improved due to higher order execution in FY25 yet remained small at Rs. 52.85 crore as against Rs. 41.49 crore in FY24. The order book of the group stood at Rs. 81.21 crore (1.96 times of FY24 turnover) as on June 30, 2024 as against Rs. 69.59 crore as on September 31, 2023.

Moderate Capital Structure and weak debt protection metrics

The capital structure of the group has marginally improved due to reduced debt levels but remains moderate as indicated by overall gearing to 1.24x as on March 31, 2025, as against 1.27x as on March 31, 2024. The debt coverage metrics improved due to improved GCA level but remained weak with TD/GCA ratio of 20.78 years as on March 31, 2025 (PY: 27.36 years). Further, interest coverage remained in the same line as previous year and was modest at 1.33x in FY25 and FY24.

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

Tender driven nature of business with highly competitive industry

The work orders are tender-based and the revenues are dependent on the Palathra group's ability to bid successfully for these tenders. There are numerous fragmented & unorganized players operating in the industry. which makes the civil construction space highly competitive. Profitability margins come under pressure because of the competitive nature of the industry.

Key strengths

Vast experience of promoters

The promoters of Palathra group, Mr. Shaji Mathew and Mr. Manoj Mathew have experience of over three decades in the field. The promoters worked under their father Mr. P.P. Mathews, who is a leading civil engineering contractor in Kerala before establishing Palathra Constructions in the year 2007

Comfortable profit margins

Profit margins of the group remained comfortable marked by PBILDT margin of 11.24% in FY25 which has declined due to increased cost of material as well as fuel costs, from 16.27% in FY24. However, PAT margin also and stood low at 1.58% in FY25 as against 0.87% in FY24.

Established Relationship with government bodies

The Palathra group is into the civil construction business for the past four decades and has executed various orders. They undertake road construction projects for Kerala and central government Public Works Department (PWD), Kerala PWD National Highway department, Kerala state Rural Roads Development Agency etc.

Liquidity: Stretched

The liquidity of the group is stretched marked by low cash and bank balance of Rs. 0.95 crore as on March 31, 2025. The firm's nature of business is highly working capital intensive in nature. The working capital cycle of the group has improved but remained elongated at 312 days in FY25 (PY: 423 days) because of high work in progress inventory period. The group can derive comfort from positive cash flow from operations of Rs. 7.75 crore in FY25.

Assumptions/Covenants: Not Applicable

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

Applicable Criteria:

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

[CARE Ratings' Policy on Default Recognition](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Non-Financial Sector](#)

[CARE Ratings' Criteria on Rating of Short Term Instruments](#)

[CARE Ratings' Criteria on Consolidation & Combined Approach](#)

[Rating Methodology -Construction Sector](#)

[Criteria for Infrastructure Sector Ratings](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Palathra Constructions, a partnership firm, set up in the year 2007 at Changanacherry, Kottayam (Dist.), Kerala is an infrastructure civil engineering construction company promoted by Manoj Mathew, Shaji Mathew and Mon Mathew. Palathra Constructions executes various types of contracts such as laying roads, construction of buildings, canal & irrigation works, etc. Shaji Mathew and Manoj Mathew established in the year 1987 and 1993 respectively are engaged in civil construction and infrastructure related works.

Combined

Brief Financials (₹ crore)	March 31, 2024 (UA)	March 31, 2025 (UA)
Total operating income	41.49	52.85
PBILDT	6.75	5.94
PAT	0.36	0.84
Overall gearing (times)	1.27	1.24
Interest coverage (times)	1.33	1.33

UA: Unaudited; Note: 'the above results are latest financial results available'

Standalone

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	24.45	29.57
PBILDT	3.68	2.89
PAT	0.07	0.46
Overall gearing (times)	0.85	0.87
Interest coverage (times)	1.38	1.40

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: CRISIL has continued the rating assigned to the bank facilities of PC into ISSUER NOT COOPERATING category vide press release dated July 14, 2025 on account of its inability to carry out a review in the absence of requisite information from the firm.

Any Other information: Not Applicable

Rating History for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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		-	-	-	17.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	16.00	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	17.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (07-Feb-25)	1)CARE BB-; Stable (30-Nov-23)	1)CARE BB-; Stable (01-Nov-22)
2	Non-fund-based - ST-BG/LC	ST	16.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (07-Feb-25)	1)CARE A4 (30-Nov-23)	1)CARE A4 (01-Nov-22)

*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	Non-fund-based - ST-BG/LC	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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