KMC Associates

September 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	12.00	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
Short Term Bank Facilities	30.00	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 Ltd. (CARE) has been seeking information from KMC Associates (KMC) to monitor the rating vide e-mail communications dated July 29, 2025, September 02, 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 KMC'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 ratings.

The ratings have been revised on account of non-availability of requisite information due to non- cooperation by KMC Associates (KMC) with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile. The ratings assigned to the bank facilities of KMC Associates (KMC) continue to be constrained by the geographically concentrated orderbook, highly competitive industry with tender based orders. The ratings are also constrained by partnership nature of concern with inherent risk of withdrawal of capital and the moderate capital structure. The ratings, however, derives strength from the growing scale of operations and the vast experience of the promotors in construction sector.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on July 26, 2024, the following were the rating strengths and weaknesses

Key weaknesses

Geographically concentrated business:
The order book as on June 30, 2024 stood at ₹320.13 crore including L1 orders which translates to 2.34 times of FY24 income. The orderbook of the firm is concentrated to regions in and around the state of Tamil Nadu, leading to a high concentration risk. However, the projects are funded by both central and state governments and other public departments and contains price escalation clause in the contracts.

Partnership nature of concern with inherit risk of withdrawal of capital:
Partnership nature of the business of KMC has an inherent risk of withdrawal of capital by the partners at the time of their personal contingencies resulting in reduction of capital base leading to adverse effect on capital structure. Partners have withdrawn capital of around Rs. 7.45 crores in the past four years ended FY24 (refers to the period between April 1 to March 31).

Highly competitive industry with tender based orders:
KMC receives its work orders mainly from government departments. All these are tender-based and the revenue is dependent on the firm's ability to bid successfully for these tenders. Profitability is exposed to pressure because of the competitive nature of the

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

industry. There are numerous unorganized players operating in the industry which makes the civil construction space highly competitive. The operating margin of the firm is volatile in the range of 7-9% in the past four years ended FY24.

Moderate capital structure and debt coverage metrics:
The capital structure of the firm stood moderate however improved with overall gearing of 1.97x as on March 31, 2024 as against 2.63x as on March 31, 2023. The debt coverage metrics stood moderate with total debt/gross cash accruals (TDGCA) of 3.83x as on March 31, 2024 as against 6.47x as on March 31, 2023.

Key strengths

Vast experience of the promoters in construction sector:
Mr. Muthugovindan, one of the promotors has nearly 4 decades of experience in the civil construction industry. Mr. Shyam , son of Muthugovindan, has more than a decade of experience in the construction sector. Timely completion of construction and other civil work projects on roads and bridges for government entities by the promoters' family enables the firm to establish strong relationship with the customers and suppliers.

Growing scale of operations:
Despite the short track record of operations of five years, the scale of the firm has increased at the CAGR of 22% in the last 4 years with total operating income at ₹137 crore in FY24 from ₹60.85 crore in FY21 backed by improved orderbook position.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Information Adequacy Risk and Issuer Non-Cooperation
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Infrastructure Sector Ratings
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

KMC Associates is incorporated as partnership firm in 2019 by Shyam Muthugovindan along with his family members. The firm is engaged in the construction and maintenance of roads, bridges and rails for state highways, national highways, Public Works departments and Hindu Religious and Charitable Endowments Department.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	87.52	87.21	137.57
PBILDT	6.24	7.28	12.02
PAT	3.97	3.09	7.32
Overall gearing (times)	1.15	2.63	1.97
Interest coverage (times)	9.18	4.39	4.36

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/ ST-Working Capital Limits		-	-	-	12.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft		-	-	-	18.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	12.00	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 - ST-Bank Overdraft	ST	18.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (26-Jul-24)	-	-
2	Non-fund-based - ST-Bank Guarantee	ST	12.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (26-Jul-24)	-	-
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	12.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (26-Jul-24)	-	-

*Issuer did not cooperate; based on best available information.
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/ ST-Working Capital Limits	Simple
2	Fund-based - ST-Bank Overdraft	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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