

K.Rajagopalan & Co

October 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	0.57 (Reduced from 1.05)	CARE BB+; Stable	Reaffirmed
Short Term Bank Facilities	57.00	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of K.Rajagopalan & Co (KRC) are constrained by the moderate scale of operations, geographical concentration of the order book, competitive and tender based nature of the construction industry, partnership nature of the firm with capital withdrawals risk, profit margins exposed to volatility in raw material prices. Ratings, however, derive strength from the experienced promoters & long track record of the firm, comfortable capital structure and established relationship with reputed clientele.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to scale up operations to over ₹150 crores while maintaining Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10% in future years.
- Ability to diversify the order book in terms of geography and order segments.

Negative factors

- Any significant delays in execution of orders resulting in sizable decline in scale of operations below ₹50 crores.
- Any withdrawal of capital by promoters leading to deterioration in overall gearing above 2x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook by CARE Ratings Limited (CareEdge Ratings) reflects that the firm's performance is expected to be stable deriving benefits from the extensive experience promoters in the field of construction.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations with geographically concentrated order book

KRC's total operating income (TOI) remained stable at ₹127.28 crore in FY25 (FY refers to April 01 to March 31), compared to ₹125.96 crore in the previous year. The firm has moderate revenue visibility, backed by an order book of ₹168.97 crore as of August 31, 2025, which includes ₹18.17 crore in L1 orders. This order book is equivalent to 1.47 times the TOI of FY25. However, its operations are geographically concentrated within Tamil Nadu (TN), primarily serving government entities such as Tamil Nadu Generation and Distribution Corporation (TANGEDCO), and Public Works Department (PWD). This concentration makes the firm's performance sensitive to changes in the state's economic and socio-political environment.

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

KRC is a partnership nature of business wherein the inherent risk of withdrawal of capital by the partners at the time of their personal contingencies resulting in erosion of capital base leading to adverse effect on capital structure. The partners have withdrawn the capital to the extent of ₹3.61 crore in FY25.

A highly competitive and fragmented industry with margins exposed to volatility in raw material prices

KRC receives its work orders mainly from government departments. All these are tender based, and the revenues are dependent on the firm's ability to bid successfully for these tenders. The profitability margins come under pressure because of the competitive nature of the industry. The raw material is the major cost driver and the prices of the same are volatile in nature therefore the cost base remains exposed to any adverse price fluctuations in the prices of cement, sand, steel, being major cost components

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

amongst all materials. The PBILDT margin of the firm has in the range of 10.64% to 12.31% over the past four years ended FY25.

Key strengths

Experienced promoters and long track record of operations

KRC was established in 1972 and has a track record of over five decades in construction. It is a partnership firm started by Late Kandasamy, who had over five decades of experience. Currently, the firm is managed by K Selvakumar, a family member of Late Kandasamy, who is a civil engineering graduate with vast experience in the construction sector.

Comfortable capital structure and debt coverage metrics

The firm's capital structure remained comfortable, with a gearing ratio of 0.55x as of March 31, 2025, compared to 0.47x in the previous year. The debt coverage indicators also remained comfortable, with total debt to gross cash accruals (TD/GCA) at 2.21x as of March 31, 2025, compared to 1.65x in the previous year.

Liquidity: Stretched

Liquidity is stretched marked by high utilization of fund based working capital limits and moderate accruals of ₹11.04 crore in FY25. As on March 31, 2025, KRC has availed unsecured loans amounting to ₹5.44 crore from related parties to support working capital requirements. The firm has fund based working capital limits of ₹16 crore and non-fund-based limits of ₹41 crore and the average utilization of the same stood at 90% and 70% respectively for past 12 months ended August 2025. The collection period of the firm stood at 89 days (including retention money). The current ratio of the firm stood at 1.29x as on March 31, 2025 (PY: 1.75x).

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

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

[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

KRC is a closely held partnership firm established in 1972 by Late Kandasamy and is currently managed by K Selvakumar, family of Late Kandasamy, a civil engineering graduate with extensive experience in the construction sector. The firm is based in Mettur, TN and has a track record of over five decades in executing civil construction projects. KRC primarily undertakes construction projects related to bridges, canals, dams, and other structures for hydroelectric power generation. The firm's revenue is largely derived from state contracts in TN, with ongoing projects mainly comprising orders from TANGEDCO and PWD.

Particular	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	125.96	127.28
PBILDT	13.58	13.55
PAT	8.26	7.87
Overall gearing (times)	0.47	0.55
Interest coverage (times)	5.02	4.58

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

Brickwork Ratings India Private Limited (Brickwork Ratings) classified the ratings of KRC under the "Issuer Not Cooperating" category, based on best available information, vide press release dated June 02, 2025. The classification was due to non-furnishing of information for monitoring the rating and non-payment of surveillance fees.

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-Term Loan		-	-	July 2027	0.57	CARE BB+; Stable
Fund-based - ST-Bank Overdraft		-	-	-	16.00	CARE A4+
Non-fund-based - ST-Bank Guarantee		-	-	-	41.00	CARE A4+

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 - ST-Bank Guarantee	ST	41.00	CARE A4+	-	1)CARE A4+ (19-Sep-24)	1)CARE A4+ (07-Aug-23)	1)CARE A4+ (13-Jul-22)
2	Fund-based - ST-Bank Overdraft	ST	16.00	CARE A4+	-	1)CARE A4+ (19-Sep-24)	1)CARE A4+ (07-Aug-23)	1)CARE A4+ (13-Jul-22)
3	Fund-based - LT-Term Loan	LT	0.57	CARE BB+; Stable	-	1)CARE BB+; Stable (19-Sep-24)	1)CARE BB+; Stable (07-Aug-23)	1)CARE BB+; Stable (13-Jul-22)

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-Term Loan	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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