

March 26, 2015

Facilities	Amount (Rs. Crore)	Ratings
Overdraft	3.95	SMERA BB+/Stable (Assigned)
Bank Guarantee	20.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB+**' (**read as SMERA double B plus**) to the Rs.3.95 crore long-term (fund-based) bank facility and '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.20.00 crore short-term (non-fund based) bank facility of Krishna Builder (Krishna). The outlook is '**Stable**'. The ratings derive comfort from the firm's experienced management and established relations with clients. The ratings are also supported by the firm's healthy financial risk profile. However, the ratings are constrained by the firm's moderate-scale operations. The ratings note that the firm operates in an intensely competitive segment of the civil construction industry.

Krishna, established in 1994, is a Delhi-based proprietorship firm engaged in providing civil construction services. Krishna benefits from its experienced management. Mr. Parveen Mittal, proprietor of Krishna, has around three decades of experience in the civil construction industry. Krishna also benefits from its established relations with clients. The firm's healthy financial risk profile is reflected in low leverage (debt-to-capital ratio) of 0.05 times as on March 31, 2014 and strong interest coverage ratio of 10.67 times in FY2013-14 (refers to financial year, April 01 to March 31).

Krishna has moderate-scale operations marked by revenues of Rs.54.11 crore in FY2013-14. The firm faces intense competition from several players in the civil construction industry.

Outlook: Stable

SMERA believes Krishna will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm expands its client base and achieves significant improvement in liquidity position and financial risk profile. The outlook may be revised to 'Negative' in case of significant decline in the firm's profit margins, or in case of deterioration in the firm's debt protection metrics and working capital management.

About the firm

Krishna, established in 1994, is a Delhi-based proprietorship firm promoted by Mr. Parveen Mittal. Krishna provides civil construction services. The firm caters to National Buildings Construction Corporation Limited and Public Works Department.

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For FY2013-14, Krishna reported profit after tax (PAT) of Rs.3.09 crore on operating income of Rs.54.11 crore, as compared with PAT of Rs.1.74 crore on operating income of Rs.28.30 crore in the previous year. The firm's net worth stood at Rs.8.66 crore as on March 31, 2014, as compared with Rs.6.23 crore a year earlier.

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

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