

Krishna Builder: Upgraded

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Overdraft	3.95	SMERA BBB-/Stable (Upgraded from SMERA BB+/Stable)
Bank Guarantee	23.00 (enhanced from Rs.20.00 crore)	SMERA A3 (Upgraded from SMERA A4+)

SMERA has upgraded the long term and short term ratings of the above mentioned bank facilities of Krishna Builder to **'SMERA BBB- (read as SMERA triple B minus)'** and **'SMERA A3' (read as SMERA A three)** from SMERA BB+ (read as SMERA double B plus) and SMERA A4+ (read as SMERA A four plus). The outlook continues to remain **'Stable'**.

The rating upgrade takes into account the improvement in scale of operations and financial risk profile. Krishna has achieved revenue of Rs.118.36 crore (Provisional) in FY2015-16 as compared to Rs.42.72 crore in FY2014-15. The interest coverage ratio (ICR) improved from 7.02 times in FY2014-15 to 15.22 times (Provisional) in FY2015-16. The firm has unexecuted order book of Rs.38.00 crore.

The ratings continue to derive comfort from the experienced management and established relations with clients. The ratings are also supported by the healthy financial risk profile and strong order book position. However, the ratings are constrained by the intense competition in the tender based business.

Update

Krishna, established in 1994, is a Delhi-based proprietorship firm engaged in civil construction. The firm benefits from its experienced management. Mr. Parveen Mittal, Proprietor, possesses 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 the low leverage (debt-to-capital ratio) of 0.21 times (Provisional) as on March 31, 2016 and strong Interest coverage ratio of 15.22 times (Provisional) in FY2015-16 (refers to financial year, April 01 to March 31). The firm faces intense market competition in the industry.

Outlook- Stable

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

Rating Sensitivity Factors

- Efficient working capital management
- Substantial and sustainable improvement in revenue and profitability

About the Firm

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

Krishna reported profit after tax (PAT) of Rs.7.15 crore on operating income of Rs.118.36 crore (Provisional) for FY2015-16, as compared with PAT of Rs.2.57 crore on operating income of Rs.42.72 crore for FY2014-15. The net worth stood at Rs.16.22 crore (Provisional) as on March 31, 2016, as compared with Rs.10.06 crore a year earlier.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
26 March, 2015	Overdraft	3.95	SMERA BB+ (Assigned)	-	Stable
	Bank Guarantee	20.00	-	SMERA A4+ (Assigned)	-

Contacts:

Analytical	Media
Mr. Mohit Jain Vice President – Ratings Operation, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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