

Press Release

Krishna Builder

February 09, 2023



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.35	ACUITE BB+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	48.10	-	ACUITE A4+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	61.45	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.61.45 crore bank facilities of Krishna Builder. The rating withdrawal is in accordance with Acuite's policy on withdrawal of ratings. The rating is being withdrawn on account of request received from the company and no objection certificate (NOC) received from the banker.

About the Company

Established in 1994, Krishna Builder (KB) is a Delhi-based proprietorship firm promoted by Mr. Praveen Mittal and is engaged in civil construction for government departments like National Buildings Construction Corporation Limited (NBCC), Public Works Departments (PWD) among others.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Krishna Builder to arrive at this rating.

Key Rating Drivers

Strengths

Experienced Management

KB is managed by Mr. Praveen Mittal, who has around three decades of experience in the infrastructure industry. Further having an operational track record of 26 years has helped the firm to maintain strong relations with its customers as well as with its suppliers. This has also helped to maintain moderate order book position with an unexecuted order of ~Rs.317 crore as on 30-April-2022. Acuite believes that the company will keep deriving benefits from the experience of its promoter.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by moderate net worth which slightly improved from Rs.33.96 Cr in FY2021 to Rs.35.68 Cr in FY2022. The gearing ratio has

moderated from 0.39 times in FY2021 to 0.54 times FY2022. The total debt of the company in FY2022 is Rs.19.25 Cr which consists of long term debt of Rs. 6.84 Cr, Unsecured loans of Rs.4.44 Cr, CPLTD of Rs. 1.11 Cr. and short term debt of Rs.6.86 Cr. The coverage indicators of the company though slightly moderated but remained comfortable as is apparent from movement of interest coverage ratio from 4.11 times in FY2021 to 3.02 in FY2022 and DSCR stood at same level at 2.42 times in FY 22 and 2.41 times in FY2021.

Weaknesses

Intensive working Capital Operations

Working capital Operations of the firm are intensive marked by Gross Current Assets (GCA) of 323 days in FY2022 as against 227 days in FY2021. This is primarily on account of sharp increase in other current assets of the company which comprises of Loans and advances, security deposits, Refunds, Receivable, Inventory, recoveries and claims. Current ratio stood moderate at 2.10 times as on 31 March 2022 as against 2.28 times as on 31 March 2021.

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity Position

Adequate

Firm has adequate liquidity profile marked by net cash accruals to its maturing debt obligations. Firm generated net cash accruals of Rs.4.03 Crores against the debt obligation of Rs 0.49 crore for the same period. Current Ratio of firm stood at 2.10 times for FY 22. The fund based bank limit utilisation is 89.50 % for last 6 months ended January 23. Further, the unencumbered cash balance of FY2022 is Rs.1.51 Crores.

Outlook: Not Applicable

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	79.90	106.08
PAT	Rs. Cr.	3.44	4.02
PAT Margin	(%)	4.31	3.79
Total Debt/Tangible Net Worth	Times	0.54	0.39
PBDIT/Interest	Times	3.02	4.11

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Aug 2022	Secured Overdraft	Long Term	0.85	ACUITE BB+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	12.60	ACUITE A4+ (Reaffirmed)
	Bank Guarantee	Short Term	35.50	ACUITE A4+ (Reaffirmed)
	Proposed Bank Facility	Long Term	7.50	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BB+ Stable (Reaffirmed)
22 Mar 2022	Secured Overdraft	Long Term	1.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	8.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	33.50	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	4.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	14.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	0.95	ACUITE BB+ (Downgraded and Issuer not co-operating*)
24 Dec 2020	Secured Overdraft	Long Term	1.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	0.95	ACUITE BBB- (Withdrawn)
	Term Loan	Long Term	4.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	11.00	ACUITE A3 (Withdrawn)
	Bank Guarantee	Short Term	14.00	ACUITE A3 (Assigned)
	Bank Guarantee	Short Term	33.50	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Long Term	0.95	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	35.50	ACUITE A4+ Reaffirmed & Withdrawn
Yes Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	12.60	ACUITE A4+ Reaffirmed & Withdrawn
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BB+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	7.50	ACUITE BB+ Reaffirmed & Withdrawn
Yes Bank Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	0.85	ACUITE BB+ Reaffirmed & Withdrawn

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Himanshu . Senior Analyst-Rating Operations Tel: 022-49294065 himanshu.mehta@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

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