

JUNE 01, 2016

CARE ASSIGNS 'CARE BB- AND CARE A4' RATINGS ASSIGNED TO BANK FACILITIES OF KASHYAP CONSTRUCTIONS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	39	CARE BB- (Double B Minus)	Assigned
Short term Bank Facilities	71	CARE A4 (A Four)	Assigned
Total Facilities	110 (Rupees One Hundred and Ten Crore only)		

Rating Rationale

The ratings assigned to bank facilities of Kashyap Constructions Private Ltd (KCPL) are constrained by KCPL's leveraged capital structure, execution risk associated with the outstanding order book and modest scale of operations. The ratings are further constrained by working capital intensive nature of operations and intense competition in the industry.

The ratings, however, derive strength from its experienced promoters, growth in income during FY16 (refers to the period April 1 to March 31), strong outstanding order book providing healthy revenue visibility in the coming years and comfortable profit margins.

Going forward, ability of the company to achieve envisaged revenue growth with timely execution of the outstanding orders and to deleverage its capital structure remain the key rating sensitivities.

Background

Established in September 2002 by the Mr. L. S. Santosh and Mr. L. V. Sreerangaraju, KCPL is engaged in executing various civil construction contracts largely in infrastructure and real estate space, such as road construction, shopping malls, drainage works etc. As on March 31, 2016, KCPL had an outstanding order book of Rs.714.88 crores.

KCPL has registered a total operating income of Rs.71.12 crore and PAT of Rs.6.26 crore in FY16 (Provisional; refers to period from April 1 to March 31) as against operating income of Rs.21.52 crore and PAT of Rs.1.09 crore in FY15.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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