

## Krishna Builder

May 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	93.00	CARE BBB-; Stable / CARE A3	Assigned
Short-term bank facilities	2.00	CARE A3	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Krishna Builder factors in extensive proprietor's experience in construction industry with firm's long track record of successful project execution, healthy albeit concentrated order book, comfortable capital financial risk profile and moderate debt coverage indicators. With an outstanding order book of Rs.782.11 crore as on April 30, 2025, the order book to operating income (OB/OI) would be around 3.32 times, which provides medium-term revenue visibility. Going forward, its turnover is likely to increase as the firm is recently elected L1 for orders of ~Rs.700 crore, however, the same depends on timely execution of the projects. Additionally, the ratings derive strength from healthy relationship with its reputed clients, which helps in securing incremental business.

The ratings are constrained by the firm's moderate scale of operations with low profitability margins, execution risks related to the projects, presence in a highly fragmented and competitive industry and working capital intensive nature of operations. Care Ratings notes that since Krishna Builder is a proprietorship firm, any significant withdrawal from the capital account by the proprietor could adversely affect its net worth, capital structure and liquidity, which remains a key risk.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Consistent improvement in scale of operations as marked by Total Operating Income (TOI) above Rs.350 crore and Profit Before Interest, Lease Rental, Depreciation and Taxation (PBILDT) margin above 8% on a sustained basis.
- Efficient working capital management thereby further improving the liquidity profile of the firm on a sustainable basis.

#### Negative factors

- Decline in scale of operations by more than 20% from existing levels and moderation in PBILDT margin below 4% on a sustained basis.
- Elongation in average collection period beyond 120 days and further elongation in gross current assets days, adversely impacting the liquidity position of firm.
- Deterioration in the capital structure with overall gearing ratio beyond 0.75x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

The Stable outlook on the rating reflects CARE's expectation that the firm will be able to maintain its credit profile over the medium term, supported by its orders-in-hand and moderate leverage position. Further, the outlook underlines CARE's expectations that the firm's working capital and short-term fund requirements would be funded in a manner that is able to durably maintain its debt protection metrics commensurate with the existing rating.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced proprietor and established track record in construction industry

Krishna Builder was founded in 1996 by Mr. Praveen Kumar Mittal, a graduate with over three decades of industry experience. The firm has an extensive history of successfully completing numerous civil projects for government departments. Firm has undertaken projects across Haryana, Delhi, Odisha, and Uttar Pradesh, among other locations. Mr. Mittal is backed by a team of professionals with required expertise in the construction sector.

##### Healthy albeit customer concentrated order book

As of April 30, 2025, the firm holds an unexecuted order book of approximately Rs.782.11 crore, which is 3.32 times of its FY25 revenue, ensuring strong revenue visibility in the medium term. Going forward, its turnover is likely to increase as the firm is recently elected L1 for orders of ~Rs. 700 crore. The firm's order book is primarily composed of projects from government

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

departments. However, the order book remains concentrated with top 3 customers at ~91.87% i.e., Unitech, Central Public Works Department (CPWD) and Indian Oil Corporation Limited (IOCL), thus exposing the firm to customer concentration risk, where any delay in realization from these customers could adversely impact the firm's liquidity.

### **Comfortable capital structure and moderate debt coverage indicators**

The capital structure of firm is comfortable as evident by healthy net worth of Rs.51.74 crore as of March 31, 2025 and overall gearing ratio of 0.26x as on March 31, 2025, primarily on account of lower requirement of fund based working capital limits. As per nature of business, the firm majorly relies on bank guarantee and mobilisation advance due to which capital structure is expected to remain comfortable.

Additionally, owing to lower profitability margins the firm's debt coverage indicators remain moderate as marked by interest coverage ratio and total debt to GCA of 2.90x-6.42x and 1.39x-4.78x, respectively, over the last five fiscal years ending FY25.

### **Reputed clientele base**

The firm specializes in a diverse range of civil construction projects, including educational and leisure facilities, industrial and commercial buildings, government hospitals, structural modifications, internal and external works, composite structure buildings, and wastewater treatment facilities. It caters to both government and private sectors, including the CPWD, IOCL, National Buildings Construction Corporation Limited (NBCC), Public Works Departments (PWD), New Delhi Municipal Council (NDMC), Hospital Services Consultancy Corporation Limited (HSCC), Unitech etc. The firm maintains healthy relationship with its clients, which helps in securing repeated business from these reputed clients.

### **Key weaknesses**

#### **Moderate scale of operations with low profitability margins**

While the firm clocked revenues of Rs.235.23 in FY2025 (Provisional), its scale remains moderate, which is unlikely to increase significantly in the near term. Order book and L1 orders as on April 30, 2025, provide strong revenue visibility, however, as per past track record, there are delays in the execution of majority of projects due to requirement of various regulatory approvals and clearances, which takes time and hence adversely impacts the scale of operations.

Despite growing scale of operations and healthy order book position the firm's profitability has remained low as marked by PBILDT margins and Profit After Tax (PAT) margin of 4.60% & 3.82%, respectively in FY25 as compared to 4.88% & 3.85%, respectively in FY24. Low profitability is majorly attributable to competitive bidding considering firm's involvement in government projects, which are awarded through a competitive tender-based system. The firm's profitability is also vulnerable to increase in costs on account of delays attributable to the client or regulatory clearances, in the absence of upfront price escalation clause.

#### **Risks related to proprietorship firm structure and project execution risk**

Proprietorship firm is associated with the inherent risk of withdrawal of the capital by the proprietor which may adversely impact the net worth, capital structure and liquidity. There have been continuous capital withdrawals by the proprietor from the business in the past, i.e., Rs.3.68 crore in FY25 (PY: Rs.2.43 crore). Also, there is a risk of firm being dissolved upon the retirement/insolvency/ death of proprietor. Moreover, proprietorship firms have restricted access to external borrowing as credit worthiness of promoters would be the key factors affecting credit decision for the lenders.

Further, given the nature of projects awarded, Krishna Builder is exposed to inherent risk of delays in execution of projects due to site hand over, regulatory approvals, weather conditions and issues related to availability of labour etc. which may result in time and cost overrun in the projects. However, the long industry experience of firm's promoter of more than 25 years and the firm's long track record mitigates the risk to some extent. The firm's ability to execute a project in a timely manner with timely stage payments will remain a key monitorable factor.

#### **Presence in a highly fragmented and competitive construction industry**

Krishna Builder is a mid-sized player operating in the intensely competitive construction industry wherein contracts are awarded on the basis of relevant experience of the bidder, financial capability, and most attractive bid price. The highly competitive intensity is on account of the presence of a large number of contractors resulting in aggressive bidding which exerts pressure on the margins. Further, aggressive bidding, interest rate risk and delays in projects due to environmental clearance are other external factors may affect the credit profile of industry players.

#### **Working capital intensive nature of operations**

The firm's operations are working capital intensive as evidenced by elongated collection period of 89 days in FY25 (PY: 91 days) owing to high amount of security deposit receivable / retention money from the customers. Generally, the firm raises bills on a monthly basis wherein department clears the payment within 30– 45 days by deducting certain percentage of bill raised in the

form of retention money, which they refund after 12 – 18 months from the date of completion of a contract. The operating cycle elongated albeit remained moderate at 73 days in FY25 as against 75 days in FY24.

The firm meets its working capital requirements largely through non-fund based working capital bank limits, mobilization advances from the lenders. With L1 orders of ~Rs. 700 crore, working capital requirements of the firm are expected to increase in the medium term. The firm's ability to effectively manage its working capital requirements will remain a key monitorable.

#### **Liquidity:** Adequate

The liquidity position of the firm is adequate as characterised by sufficient cushion in accruals marked by gross cash accruals of Rs.9.58 crore generated during FY25 as against the schedule's debt repayment of ~Rs.1.27 crore in FY26. The liquidity is further aided by free cash and cash equivalents Rs.6.06 crore as on March 31, 2025. Average utilization of its non-fund based working capital limits stood at 70% for the trailing 12 months ending April 2025.

#### **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](#)

[Short Term Instruments](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

New Delhi based, Krishna Builder is a proprietorship firm established by Mr. Praveen Mittal in 1996. The firm is engaged in civil construction with major focus on construction of educational and leisure facilities, industrial and commercial buildings, government hospitals, structural alterations, internal and external works, composite structure buildings, wastewater treatment facilities, and rainwater harvesting systems etc. The firm has executed various work orders for both government and private clients like: CPWD, IOLC, PWD, NDMC, HSCC, Unitech etc. The firm is an empanelled contractor with CPWD.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	146.60	228.67	235.23
PBILDT	8.04	11.15	10.82
PAT	5.48	8.80	8.99
Overall gearing (times)	0.59	0.35	0.26
Interest coverage (times)	3.62	4.12	6.42

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

#### **Status of non-cooperation with previous CRA:** Not Applicable

#### **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/ ST-Cash Credit	-	-	-	-	5.00	CARE BBB-; Stable / CARE A3
Fund-based - ST-Bank Overdraft	-	-	-	-	2.00	CARE A3
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	88.00	CARE BBB-; Stable / CARE A3

LT/ST: Long term/Short term; ST: Short term

**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	Fund-based - ST-Bank Overdraft	ST	2.00	CARE A3	-	-	-	-
2	Fund-based - LT/ ST-Cash Credit	LT/ST	5.00	CARE BBB-; Stable / CARE A3	-	-	-	-
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	88.00	CARE BBB-; Stable / CARE A3	-	-	-	-

ST: Short term; LT/ST: Long term/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/ ST-Cash Credit	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE 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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