Krishna Builder

March 24, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / short-term bank facilities	93.00	CARE BB+; Stable / CARE A4+	Downgraded from CARE BBB-; Stable / CARE A3
Short-term bank facilities	2.00	CARE A4+	Downgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Downgrade in ratings assigned to bank facilities of Krishna Builder factors in the substantial increase in debt levels, mainly term loans availed to meet working capital requirements, having fixed repayment obligations and low buffer in bank guarantee facility. Given the inherent nature of the construction business, where projects are subject to regulatory approvals, statutory clearances, and site-related permissions, there are execution-related delays that can lead to short-term mismatches in cash flows, thereby adversely impacting the firm's liquidity position. Revision in rating also takes cognisance of lower than envisaged operational performance of the firm in FY25 and 6MFY26. The ratings continue to remain constrained by the firm's moderate scale of operations, low profitability margins, presence in a highly fragmented and competitive industry and working capital intensive nature of operations. Additionally, as Krishna Builder is a proprietorship concern, any significant withdrawals from the proprietor's capital account could adversely affect its net worth, capital structure, and liquidity.

However, the ratings continue to derive comfort from the proprietor's extensive experience in the construction industry and the firm's long track record of project execution. Ratings also factor healthy though concentrated unexecuted order book of ₹1085.89 crore as on February 01, 2026 (OB/OI of ~5.43 times), which provides medium-term revenue visibility, along with the firm's comfortable capital financial risk profile and moderate debt coverage indicators. Also, ratings continue to draw comfort from the firm's relationship with reputed clients, which helps in securing repeated business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Healthy execution of the current order book and inflow of new orders leading to significant improvement in total operating income (TOI) of the company while maintaining profit before interest, lease, depreciation, and tax (PBILDT) margins above 7% 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 reflects CareEdge Ratings expectations that the firm will continue to benefit from its experienced proprietor and shall sustain its moderate financial risk profile over near-to-medium term.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations with low profitability margins

The firm's scale of operations continues to remain moderate, with revenue of ₹199.87 crore in FY25 (FY24: ₹193.81 crore). Operational performance of the firm was lower than envisaged in FY25 and 6MFY26. While the order book of ₹1085.89 crore as on February 01, 2026, provides healthy revenue visibility, the overall growth in scale remains constrained by delays in execution of several projects, which is inherent in civil construction business. These delays are typically attributable to the time taken for

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

obtaining various regulatory approvals, clearances, and site-related permissions, which has historically impacted timely project commencement and consequently moderated overall turnover growth. Notwithstanding this, the firm has recorded TOI of ₹~192 crore during 10MFY26 (April 01, 2025, to January31, 2026), reflecting improvement in the current fiscal.
The firm experienced a decline in operating profitability as reflected in PBILDT of 3.93% in FY25 as compared with 5.75% in FY24, however, PAT margin remained at a similar level. The marginal moderation in operating profits is attributable to increase in job-work expenses resulting from the subcontracting of specialised components of project execution. Additionally, the firm's profitability remains susceptible to cost escalations arising from execution delays, especially in cases where contracts do not include price-escalation clause to compensate for rising input costs or client-related delays.

Risks related to proprietorship firm structure
The firm is exposed to the inherent risk associated with withdrawals from the proprietor's capital, which may adversely impact the net worth, capital structure and liquidity. Additionally, there is a risk of firm being dissolved upon the retirement/insolvency/ demise 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.

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 remain working capital intensive, as reflected in its elongated collection cycle arising from sizeable security deposits and retention money held by customers. The average collection period, though marginally improved to 89 days in FY25 from 91 days in FY24, it generally remains elongated throughout the year. Typically, the firm raises monthly running bills, which are settled within next 30 to 45 days, after adjusting a retention portion that is released only 12-18 months post completion of the respective contract, thereby keeping receivables generally high. Despite the inherent retention money blockage, the operating cycle remained moderate, improving slightly to 82 days in FY25 compared with 88 days in FY24.
The firm meets its working capital requirements largely through non-fund based working capital bank limits, mobilization advances from the lenders. Firm has also availed term loans to meet working capital requirements, having fixed repayment obligations, which may adversely impact the liquidity position. The firm's ability to effectively manage its working capital requirements will remain a key monitorable.

Key strengths
Healthy though customer concentrated order book
As of February 01, 2026, the firm has an unexecuted order book of ₹1085.89 crore, equivalent to 5.43 times of its XXX TOI in FY25, ensuring strong revenue visibility in the medium term. The firm's order book is primarily composed of projects from government departments. However, the order book remains concentrated with top 3 customers i.e., Unitech, Central Public Works Department (CPWD) and National Buildings Construction Corporation Limited (NBCC) India Limited, contributing ~70% of the total unexecuted order book, therefore exposing the firm to customer concentration risk, where any delay in realisation from these customers could adversely impact the firm's liquidity.

Experienced proprietor and established track record with reputed clients
Krishna Builder was founded in 1996 by Praveen Kumar Mittal, a graduate with over three decades of experience in the construction industry. The firm has a long track record of executing civil construction projects for various government departments. Its operations span across multiple states, including Haryana, Delhi, Odisha, and Uttar Pradesh. among other locations. Proprietor is supported by his son and an experienced team of professionals with the requisite technical and managerial expertise in the construction sector. The firm caters to both government and private sectors, including reputed clients such as National Buildings Construction Corporation Limited (NBCC), Central Public Works Departments (CPWD), 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.

Comfortable capital structure and moderate debt coverage indicators

The capital structure of the firm continues to remain comfortable with overall gearing of 0.28x in FY25 due to major dependence on non-fund-based limits. The firm's business model remains characterised by substantial dependence on bank guarantees and mobilisation advances, which inherently limits the use of fund-based debt and is expected to keep the capital structure comfortable going forward. However, the firm has availed term loans availed to meet working capital requirements, having fixed repayment obligations due to which overall gearing is expected to increase in near-to-medium term. Due to marginal decline in profit margins, interest coverage declined to 4.28x in FY25 marginally from 4.12x in FY24, while Total Debt/GCA remained stable at 2.57x in FY25 compared to 2.84x in FY24.

Liquidity: Stretched

The liquidity position of the firm is stretched, mainly due to a substantial increase in debt levels, mainly in form of term loans availed to meet working capital requirements, having fixed repayment obligations. Given the inherent nature of the construction business, where projects are subject to regulatory approvals, statutory clearances, and site-related permissions, there are execution-related delays that can lead to short-term mismatches in cash flows, thereby adversely impacting the firm's liquidity position. Also, there is a low buffer in bank guarantee facility as on date, which limits the firm in participating new orders. Average utilisation of fund-based working capital limits remained at ~35% over the last 12 months, ending March 2026. Timely proprietor's support through unsecured loans remains key monitorable for the liquidity position.

Assumptions/Covenants: Not applicable

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 empaneled contractor with CPWD.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1_FY26 (UA)
Total operating income	193.81	199.87	89.63
PBILDT*	11.15	7.85	5.26
Profit after tax (PAT)	5.15	4.61	2.30
Overall gearing (x)	0.35	0.28	0.51
Interest coverage (x)	4.12	4.28	3.81

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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-Working Capital Limits	-	-	-	-	3.25	CARE BB+; Stable / CARE A4+
Fund-based - ST-Bank Overdraft	-	-	-	-	2.00	CARE A4+
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	89.75	CARE BB+; Stable / CARE A4+

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 A4+	1)CARE A3 (29-May-25)	-	-	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	3.25	CARE BB+; Stable / CARE A4+	1)CARE BBB-; Stable / CARE A3 (29-May-25)	-	-	-
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	89.75	CARE BB+; Stable / CARE A4+	1)CARE BBB-; Stable / CARE A3 (29-May-25)	-	-	-

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-Working Capital Limits	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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.

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About us:
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