



## Press Release

### Krishna Corporation

July 15<sup>th</sup>, 2025

#### Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Bank Facilities	11.00	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Rating Reaffirmed	Simple
2.	Short Term Bank Facilities	31.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Rating Reaffirmed	Simple
	<b>Total</b>	<b>42.00</b>	<b>Rupees Forty-Two Crore Only</b>			

Details of Facilities/Instruments are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Valuation and Ratings Limited (Formerly Infomerics Valuations and Ratings Private Limited) (IVR) has reaffirmed the long-term rating of IVR BB- with Stable outlook and short-term rating of IVR A4 for the bank loan facilities of Krishna Corporation (KC).

The rating continues to draw comfort from established track record of proprietor, reputed clientele albeit customer concentration, comfortable capital structure and debt protection metrics and healthy orderbook position. However, these rating strengths are partially offset by decline in profitability margins, risk associated with the constitution, geographical concentration risk and tender driven nature of business in highly fragmented and competitive construction sector.

The outlook is expected to remain stable on medium term revenue visibility ensured through the current order book outstanding. IVR believes KC will continue to benefit from extensive experience of its proprietor and reputed customer base.

IVR has principally relied on the audited financial results of KC up to 31<sup>st</sup> March 2024 and provisional financial result upto 31<sup>st</sup> March 2025 (i.e. review period from 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025), and projected financials for FY2026, FY2027 and FY2028 and publicly available information/ clarifications provided by the firm's management.



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### Key Rating Sensitivities:

#### Upward Factors

- Sustained growth in the scale of operations with further improvement in profitability, and cash on a sustained basis.
- Manage working capital requirements efficiently with improvement in liquidity position

#### Downward Factors

- Substantial decline in operating income and cash accrual, a stretch in the working capital cycle driven by pile-up of inventory or stretched receivables, or sizeable capital expenditure weakens the financial risk profile, particularly liquidity
- Significant deterioration in debt metrics.

### List of Key Rating Drivers with Detailed Description

#### A. Key Rating Strengths

- **Established track record of proprietor**

The proprietor Mr. Rajarshi Parikh has experience of more than three decades in the civil construction industry and is supported by Mr. Dhruv and Ms. Bela Parikh, his children, having experience of more than one decade in construction industry. The extensive experience of the management has helped the firm to successfully bid for tenders floated by state Government mainly in Gujarat and Rajasthan.

- **Reputed clientele albeit customer concentration**

Krishna Corporation mainly bids for tenders floated by various state government for water treatment plants, providing & laying of sewage pumping stations and laying roads, etc. Customers being government bodies imparts comfort with low counterparty risk.

- **Comfortable capital structure and debt protection metrics**

Krishna Corporation has a comfortable capital structure with overall gearing stood at 0.65x and TOL/ATNW stood at 0.69x in FY2025 (Provisional). In terms of the debt protection metrics, the interest service coverage ratio (ISCR) and debt service coverage ratio (DSCR) remained comfortable at 4.25x and 3.51x respectively in FY2025 (Provisional).

- **Healthy order book position**

The total unexecuted order book as on 1st April, 2025 stood at Rs. 97.32 Cr., which is 2.68 times of the turnover of FY25, reflecting medium term revenue visibility. The entity is planning to execute these orders by March 2026, and the entire order book is skewed towards water supply sewage projects floated by Gujarat Water Supply Board.

#### B. Key Rating Weaknesses



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- **Decline in Profitability**

The operating margins and net profit margins have declined to 8.54% and 4.52% respectively in FY2025 (Provisional) as compared to 26.42% and 15.46% respectively in previous year (FY2024) due to an increase in operating costs and stiff competition in the market

- **Risks associated with the constitution**

Krishna Corporation, being a proprietorship firm, is prone to risk of capital withdrawal and any significant withdrawal of capital by the proprietor may weaken its net worth base and impact the capital structure.

- **Geographical concentration risk**

The present order book is skewed towards construction of water treatment plant, sewage pumping and roads in Gujrat from various state government bodies indicating a geographical and sectorial concentration risk. However, the firm has adequate experience of executing projects in these states which provide comfort.

- **Tender driven nature of business in highly fragmented & competitive construction sector**

Execution risks for newly awarded projects in a timely manner will be key to achieving growth in revenues and profits. Business certainly is dependent on the firm's ability to successfully bid for the tenders as the entire business is tender based. The domestic infrastructure/construction sector is highly fragmented marked by the presence of many players with varied statures & capabilities. Boom in the infrastructure sector, a few years back, resulted in an increase in the number of players. While the competition is perceived to be healthy, significant price cuts by few players during the bidding process is a matter of serious concern for the users with respect to the quality of output.

**Analytical Approach:** For arriving at the ratings, INFOMERICS has applied its rating methodology as detailed in the rating criteria below. IVR has analysed KC's credit profile by considering the standalone financial statements of the firm.

**Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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### **Liquidity – Adequate**

The firm has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 2.77 crore, as on 31st March 2025. Against a current portion of long-term debt (CPLTD) of Rs 0.83 crore in FY2025, the firm had a cash accrual of Rs. 2.37 crore in FY2025. The firm projecting to generate cash accruals within the range of Rs. 4.75 crore and Rs. 8.62 crore in FY2026-FY2028. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.

### **About the Firm**

Based in Ahmedabad and established in 2004, Krishna Corporation is a Proprietorship firm Prop. Rajarshi Parikh engaged in building of complete construction or parts thereof, water supply, conduit, sewerage, civil Engineering. The firm has 2 group companies namely Krishan Darshan Enviro Care and Infra Project Private Limited and Krishna CorpIndia Private Limited rated IVR BB/Stable/A4 (Reaffirmed) dated May 9th, 2025, and CRISIL A-/ Stable/ A2+ (Reaffirmed) dated September 13th, 2024, which carries same line of business. The proprietor of the firm has vast experience of over 30 years in the industry and has helped the firm in establishing prominent presence in Gujarat region with reputed clientele of various government and private organization primarily from Gujarat Water Supply and Sewage Board. (GWSSB).

### **Financials (Standalone):**

	(Rs. crore)	
For the year ended*/As on	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	24.87	36.30
EBITDA	6.57	3.10
PAT	3.84	1.64
Total Debt	14.88	25.87
Adjusted Tangible Net worth	39.94	39.65
EBITDA Margin (%)	26.42	8.54
PAT Margin (%)	15.46	4.52
Adjusted Overall Analysed Gearing Ratio (x)	0.37	0.65
Interest Coverage Ratio (x)	2.83	4.25

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA:** Brickworks ratings has vide their press release dated February 5<sup>th</sup>, 2025, had put under issuer not cooperating due to not submission of required information.

**Any other information:** Nil

**Rating History for last three years:**



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (May 16, 2024)	Date(s) & Rating(s) assigned in 2023-24 (May 21, 2023)	Date(s) & Rating(s) assigned in 2022-23
1.	Fund based	Long Term	11.00	IVR BB-/Stable	IVR BB-/Stable	IVR BB-/Stable	
2.	Non-Fund Based	Short Term	31.00	IVR A4	IVR A4	IVR A4	

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	11.00	IVR BB-/ Stable
Bank Guarantee	-	-	-	31.00	IVR A4

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-krishna-corporation-jul25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).