

Krishnae Infrastructure Private Limited

Instrument	Amount Rated (Rs. Crore)	Rating Action
Fund based facility	Rs. 15.00 crore (Enhanced from Rs 10.00 crore)	[ICRA]BBB- (Stable) reaffirmed
Non-Fund based facility	Rs. 40.00 crore (Enhanced from Rs 30.00 crore)	[ICRA]A3 reaffirmed
Long Term/Short term- Unallocated	Rs. 45.00 crore (Enhanced from Rs 5.00 crore)	[ICRA]BBB-(Stable)/[ICRA]A3 reaffirmed

ICRA has reaffirmed the long term rating of [ICRA]BBB- (pronounced ICRA triple B minus) to the Rs. 15.00 crore (enhanced from Rs 10.00 crore) fund based facility of Krishnae Infrastructure Private Limited. ICRA has also reaffirmed the short-term rating of [ICRA]A3 (pronounced ICRA A three) to the Rs. 40.0 crore (enhanced from Rs 30.00 crore) non-fund based facilities of Krishnae Infrastructure Private Limited. ICRA has also reaffirmed the long-term/short-term rating of [ICRA]BBB-/ [ICRA]A3 to the Rs. 45.0 crore (enhanced from Rs 5.00 crore) unallocated facilities of Krishnae Infrastructure Private Limited. The outlook on the long term rating is Stable.

Rating Rationale

The rating reaffirmation continues to factor in the long experience of the promoters in the construction business and its status as the registered Class '1' contractor with Public Works Department, Government of Maharashtra. The ratings are further supported by company's healthy revenue growth of ~103% in FY2016 albeit on a low base and financial profile marked by comfortable capitalisation and healthy interest and debt coverage metrics.

The ratings are however constrained by the highly competitive and fragmented nature of the road construction business characterised by the presence of large number of players along with a tender based contract system putting pressures on the margins. The ratings also factors in the exposure of the company to high geographical and segmental concentration risks arising out of its operations restricted to construction of road in and around Pune. Further the company is highly dependent on ordering from Pune Municipal Corporation (PMC) and Pimpri-Chinchwad Municipal Corporation (PCMC) for its revenue bookings; any deferment in payments or incremental order outflow from these bodies can significantly hamper the growth of the company. The 70% of order book is concentrated to top five projects awarded in or before FY2015 and the company has hardly added any big ticket order since then with the focus on completion of orders in hand leading to limited revenue visibility. The unexecuted order book of ~Rs. 166 crore (1.4 times the OI in FY2016) as on Aug 31, 2016 includes few long pending orders. ICRA also takes note of the company's modest scale of operations limiting its capacity to bid for larger projects and working capital intensive nature of business where timely recovery of debtor and retention money remains critical.

Going forward, the company's ability to win fresh orders and improving the scale of operations along with timely completion of order book in hand remains key rating sensitivities.

Company Profile

Krishnae Infrastructure Private Limited (KIPL), incorporated in June 2010 based out of Pune is a part of Bhosale Group of Companies. Krishnae is a local EPC contractor primarily engaged in road and building construction. KIPL specialises in the construction of asphalt and concrete roads and allied activities, creek bridges. The company is registered with Public Works Department, Government of Maharashtra as Class "1" (Unlimited) Contractor. KIPL is primarily into infrastructure development for government and semi- government agencies such as Maharashtra Industrial Development Corporation (MIDC), Maharashtra State Road Development Centre (MSRDC), Panchshil, JNNRUM, Maharashtra PWD, Pimpri Chinchwad Municipal Corporation (PCMC), Pune Municipal Corporation (PMC) among others. It also executes contracts for private sector clients but the proportion of work undertaken is very small.



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