

January 20, 2020

Krishna Construction Co.: Ratings Moved to ‘Issuer Not Cooperating’ category, Ratings downgraded based on best available information

Summary of rated instruments

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based limits	3.00	3.00	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable) and moved to ‘Issuer Not Cooperating’ category.
Non-fund-based limits	20.00	20.00	[ICRA]A4 ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A4+ and moved to ‘Issuer Not Cooperating’ category.
Unallocated limits	0.10	0.10	[ICRA]B+ (Stable)/A4 ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable)/ [ICRA]A4+ and moved to ‘Issuer Not Cooperating’ category.
Total	23.10	23.10	

*Instrument details are provided in Annexure

Rationale

The rating downgrade is because of lack of adequate information regarding Krishna Construction Co (KCC) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by the rated entity”. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Krishna Construction Co, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of requisite information and in line with SEBI’s Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA’s Rating Committee has taken a rating view based on the best available information

The previous detailed rating rationale is available on the following link: [Click here](#)

About the company:

Krishna Constructions Co. (KCC) was set up in 1983 as a partnership firm by Mr. Sumabhai Patel and Mr. Purshotam Patel. Subsequently, in 1988, it was taken over by the current partners, Mr. Bharat Patel, Mr. Jeetendra Patel and Mrs. Shantaben Patel. KCC is engaged in executing Government tendered civil construction contracts for water supply schemes. The firm is a registered “AA” contractor with the State Government of Gujarat and has been operating in the state since its inception. The firm recorded a net profit of Rs. 9.1 crore on an operating income of Rs. 138.9 crore in FY2018, on a provisional basis, as against a net profit of Rs. 4.4 crore on an operating income of Rs. 62.2 crore in FY2017.

www.icra.in

Status of non-cooperation with previous CRA:

Not applicable

Any other information

Not applicable

Rating history for past three years

All figures in Rs. Crore

S.No	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017
					Jan-20-2020	Jul-05-2018	Nov-08-2017	Sep-19-2016
1	Cash Credit	Long-Term	3.00	-	[ICRA]B+(Stable) ISSUER NOT COOPERATING	[ICRA]BB+(Stable)	[ICRA]BB+(Stable)	[ICRA]BB (Stable)
2	Bank Guarantee	Short Term	20.00		[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+
3	Unallocated Limits	Short Term/Long-Term	0.10		[ICRA] B+(Stable)/A4 ISSUER NOT COOPERATING	[ICRA]BB+(Stable)/A4+	[ICRA]BB+(Stable)/A4+	[ICRA]BB (Stable)/A4+

*Sub-limit of letter of credit

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1 Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	3.00	[ICRA]B+(Stable) ISSUER NOT COOPERATING
NA	Bank Guarantee	-	-	-	20.00	[ICRA]A4 (Stable) ISSUER NOT COOPERATING
NA	Unallocated Limits	-	-	-	0.10	[ICRA]B+(Stable) /A4 ISSUER NOT COOPERATING

Source: Krishna Construction Co.

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About ICRA Limited:

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