

March 31, 2015

| Facilities | Amount (Rs. Crore) | Ratings |
|-----------------------|-----------------------|----------------------------|
| Cash Credit | 4.00 | SMERA C (Assigned) |
| Bank Guarantee | 3.00 | SMERA A4 (Assigned) |

SMERA has assigned a rating of '**SMERA C** (read as SMERA C)' to the Rs.4.00 crore long-term (fund-based) bank facility and '**SMERA A4**' (read as SMERA A four) to the Rs.3.00 crore short-term (non-fund based) bank facility of Kartik Construction Company (Kartik). The ratings are constrained by the firm's working capital-intensive business and small-scale operations. The ratings are also constrained by the firm's exposure to intense competition in the civil construction industry. The aforementioned weaknesses are partially offset by the firm's experienced management and established relations with clients.

Kartik, established in 1994, is a Delhi-based company engaged in undertaking civil construction work for government bodies and public sector units. Kartik also undertakes purchase and sale of properties. The firm's operations are working capital-intensive, with gross current assets of 251 days in FY2013-14 (refers to financial year, April 01 to March 31). Kartik's bank limit utilisation was high at 97 per cent during November 2013 to November 2014. The firm has small-scale operations marked by revenues of Rs.12.71 crore in FY2013-14. Kartik faces intense competition from several players in the civil construction industry.

Kartik benefits from its experienced management. Mr. D. K. Singh, proprietor of Kartik, has around two decades of experience in the civil construction industry. The firm also benefits from its established relations with clients.

About the firm

Kartik, established in 1994, is a Delhi-based proprietorship firm promoted by Mr. D. K. Singh. Kartik undertakes undertaking civil construction work for Central Public Works Department (CPWD), Public Works Department (PWD), Delhi Metro Rail Corporation (DMRC) and public sector units. The firm is also engaged in purchase and sale of properties.

For FY2013-14, Kartik reported profit after tax (PAT) of Rs.0.57 crore on operating income of Rs.12.71 crore, as compared with PAT of Rs.0.31 crore on operating income of Rs.6.95 crore in the previous year. The firm's net worth stood at Rs.7.25 crore as on March 31, 2014, as compared with Rs.6.85 crore a year earlier.

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