

**April 17, 2015**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA B/Stable (Assigned)

SMERA has assigned the rating of '**SMERA B' (read as SMERA single B)** to the Rs.5.00 crore bank facility of K K Corporation (KKC). The outlook is '**Stable**'. The rating is constrained by the firm's short operational track record and small-scale operations. The rating is also constrained by the firm's low profitability and moderate financial risk profile. However, the rating is supported by the firm's experienced management.

KKC, established in 2010, is a Gujarat-based partnership firm engaged in processing of rice and other agricultural commodities. KKC has small-scale operations marked by total income of Rs.26.47 crore in FY2013-14 (refers to financial year, April 01 to March, 31). The firm's net profit margin is low at 0.45 per cent in FY2013-14. KKC's moderate financial risk profile is marked by leverage (debt-to-capital ratio) of 1.18 times as on March 31, 2014 and interest coverage ratio of 1.40 times in FY2013-14.

KKC benefits from its experienced management. Mr. Dilip Bhatiya, managing partner of KKC, has around two decades of experience in the agro-commodities industry.

#### **Outlook: Stable**

SMERA believes KKC will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers substantial improvement in profitability and coverage indicators. The outlook may be revised to 'Negative' in case of deterioration in the firm's capital structure.

#### **About the firm**

KKC, established in 2010, is a Gujarat-based partnership firm promoted by Mr. Dilip Bhatiya and Mr. Subhash Bhatiya. KKC was initially engaged in trading of agricultural commodities. In 2014, the firm started processing of rice and other agricultural commodities. KKC has a milling unit in Patan Gujarat, with installed processing capacity of 36,000 metric tonnes per annum.

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For FY2013–14, KKC reported profit after tax of Rs.0.12 crore on total income of Rs.26.47 crore, as compared with profit after tax of Rs.0.06 crore on total income of Rs.20.26 crore in FY2012–13. The firm's net worth stood at Rs.1.43 crore as on March 31, 2014, as compared with Rs.1.11 crore a year earlier.

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