

May 18, 2016

Facility	Amount (Rs. Crore)	Rating
Bank Guarantee	6.50	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (**read as SMERA double B minus**) with a '**Stable**' Outlook to the above mentioned bank facilities of K. K. Corporation. The rating derives strength from the experienced management and reputed clientele. The rating also draws support from the comfortable financial risk profile and working capital cycle. However, the rating is constrained by the small scale of operations and uneven revenue trend of the firm.

K.K. Corporation was promoted in 2007 by Mr. Prakash and Shailesh Soni who possess over three decades of experience in executing turnkey projects in interior works. The firm has undertaken projects for Ruby Mills Private Limited, Ireo Skyon, Interglobe Hotels Private Limited among others. K. K. Corporation has a comfortable financial risk profile marked by interest coverage ratio at 1.93 times against a gearing of 0.31times as on March 31, 2015. The working capital cycle is comfortable with debtor days of 11 and creditor days of 23 for FY2015. The GCA days stand at 105 for FY2015. However, the rating is constrained by the small scale of operations and uneven revenue trend as reflected in the operating revenue of Rs.6.45 crore in FY2015 as against Rs.14.75 crore in FY2014.

Rating Sensitivity Factors

- Efficient working capital management
- Sustained improvement in revenues and profitability

Outlook:Stable

SMERA believes KK will maintain a Stable profile over medium term on the back of its experienced management. The outlook may be revised to Positive in case the company registers more than expected growth in revenues while achieving improvement in profitability. Conversely the outlook may be revised to negative in case decline in profitability or deterioration in working capital cycle and high working capital requirements increasing the pressure on margins and capital structure

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About the Firm

Established in 2007 by Mr. Prakash and Shailesh Soni, the firm undertakes turnkey interior work projects in design, finishing and consultancy.

For FY2014–15, the firm reported profit after tax (PAT) of Rs.0.30 crore on operating income of Rs.6.45 crore, as compared with net profit of Rs.0.38 crore on operating income of Rs.14.75 crore in FY2013–14. The net worth stood at Rs.1.68 crore as on March 31, 2015 as compared with Rs. 1.17 crore a year earlier.

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