

September 15, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	115.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) to the Rs.115.00 crore long-term (fund based) bank facility of B. K. Developers (BKD). The outlook is '**Stable**'. The rating draws comfort from the experienced management and healthy revenue visibility. The rating further draws comfort from reputed tenant profile and healthy duration of the lease period (nine years). However, the rating is constrained by the high customer concentration risk, weak capital structure as reflected in the high gearing and withdrawal of capital for the period under study (FY2011-12 to FY2014-15).

Outlook: Stable

SMERA believes BKD will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the firm is able to renew its lease agreement within the stipulated time frame and generates steady cash flows from rental income. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile and liquidity position.

Rating Sensitivity Factors

- Improvement in gearing
- Future debt capex plan

About the Firm

BKD, established in 2006, is a Gurgaon-based construction firm (association of partner) promoted by Mr. Anand Kumar Jain, Mr. Deepak Jain, Ms. Sarita Jain and others. The firm has constructed 'Infotech Centre', an IT park with a saleable area of 4.30 lakh square feet. For FY2014-15, BKD reported profit after tax (PAT) of Rs.20.03 crore (provisional) on operating income of Rs.28.90 crore, as compared with PAT of Rs.16.71 crore on operating income of Rs.27.17 crore in FY2013-14. The firm's net worth stood at Rs.15.28 crore (provisional) as on March 31, 2015, as compared with Rs.15.32 crore a year earlier.

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