



Kay Kay Overseas Corporation

Instrument	Amount	Rating
Long term fund based limit— Cash Credit	Rs.16.00 crore Enhanced from Rs. 13.50 crore	[ICRA]BB+ (Stable) <i>Reaffirmed</i>
Short term non fund based limit— Bank Guarantee	Rs.8.00 crore Enhanced from Rs. 6.00 crore	[ICRA]A4+ <i>Reaffirmed</i>

ICRA has reaffirmed the long term rating assigned to the Rs. 16.00 crore* (enhanced from Rs. 13.50 crore) fund based bank limit of Kay Kay Overseas Corporation (Kay Kay or the firm)[†] at [ICRA]BB+(pronounced ICRA double B plus). ICRA has also reaffirmed the short term rating assigned to the Rs. 8.00 crore (enhanced from Rs. 6.00 crore) non fund based bank limit at [ICRA]A4+ (pronounced ICRA A four plus). The outlook assigned to the long term rating is 'Stable'.

The ratings continue to factor in the long standing experience of the management in trading of technology products and the exclusive dealership of the firm for Dell computers in the Mumbai region. ICRA also takes into account firm's consistent growth in operating income over the years.

However, the ratings are constrained by the highly competitive nature of the IT hardware distribution business, characterized by the presence of a large number of players, which limits the scope of margin expansion. Further, the firm has low profitability indicators along with a leveraged capital structure leading to weak coverage indicators. ICRA notes Kay Kay's concentrated vendor base, with Dell contributing to a significant share of the top line, though the strong market position of Dell mitigates concentration risks to an extent. The ratings also incorporate the firm's concentrated product profile and customer base with significant share of sales being accounted by the top five customers; and the risks associated with the legal status as a partnership firm.

About the firm

Kay Kay Overseas Corporation is engaged in trading of technological products in the domestic market, primarily in the Mumbai region. The firm commenced its operations with import of computer peripherals and trading in the domestic market. Within the IT distribution business, the firm is majorly trading in laptops, notebook and desktops. It has its registered office and two warehouses along with three stores in the Mumbai area located at Bandra, Thane, and Vashi which sells Dell products.

Recent results

Kay Kay recorded a profit after tax (PAT) of Rs. 1.04 crore on an operating income of Rs. 218.17 crore for the year ending March 31, 2013 .and a PAT of Rs. 1.70 crore on an operating income of Rs. 229.57 crore for the nine months ending December 31, 2013(Provisional Numbers).

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For further details please contact:

Analyst Contact:

Mr. Anjan Ghosh (Tel. No. +91-22-6179 6392)

aghosh@icraindia.com

Relationship Contact:

Mr. L. Shivakumar (Tel. No. +91-22-6179 6393)

shivakumar@icraindia.com

¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500