

April 30, 2015

| Facilities                        | Amount<br>(Rs. Crore) | Ratings              |
|-----------------------------------|-----------------------|----------------------|
| Foreign Bill Purchase             | 8.00                  | SMERA A4+ (Assigned) |
| Gold Card (Foreign Bill Purchase) | 1.60                  | SMERA A4+ (Assigned) |
| Bank Guarantee                    | 0.05                  | SMERA A4+ (Assigned) |

SMERA has assigned a rating of "**SMERA A4+ (read as SMERA A4 plus)**" to the abovementioned bank facilities of Rs.9.65 crore to Kevin India Co (KIC). The rating is supported by the experienced management, increase in revenue and moderate scale of operation. The rating notes that product find its application in various industries like paper, textile and leather. However, rating strengths are partially offset by thin profitability, increase in working capital cycle and vulnerability of its operating margin to volatility in foreign exchange fluctuation. Further, rating is constrained due to geo political risk.

KIC, established in 1995, is a Mumbai-based proprietorship concern. KIC is a merchant exporter of dyes and pigments. Mr. Kevin Mehta, the proprietor of the firm has around two decade of experience in export of dyes and pigments. The firm's revenue has grown at CAGR of 50 per cent over two year on account of higher demand from customers. KIC has moderate scale of operation as reflected from total operating income of Rs.65.85 crore in FY2013-14 (refer financial year 01<sup>st</sup>, April to 31<sup>st</sup>, March). The rating notes that product find its application in various industries like paper, textile and leather.

These rating strengths are partially offset by the firm's thin profitability of 0.93 per cent for FY2013-14 due to trading nature of the business. KIC's working capital cycle has increased to 52 days in FY2013-14 over from 27 days in FY2012-13 resulting to increase in short term debt to Rs.9.71 crore as on March 31, 2014 from Rs.2.22 crore in as on March 31, 2013. The firm is a net exporter resulting to earnings in foreign currency resulting to vulnerable of its operating margin to volatility foreign currency. KIC is exporting around 40 per cent of its product to Pakistan, hence, the firm is susceptible to geo political risk.

### About the firm

KIC, established in 1995, is engaged in trading of Dyes, Dye- Intermediate, Pigment Powders, Pigment emulsion, Vat Dyes, Lake colours and Food colours. The firm is a merchant exporter of dyes and pigments and catering to Pakistan, Bangladesh, USA, Europe etc.

For FY2013-14, KIC reported book profit of Rs.0.61 crores on operating income of Rs.65.85 crores as compared with book profit of Rs.0.56 crores on operating income of Rs.43.04 crores for FY2012-

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13. The firm's networth stands at Rs.2.12 crores as on March 31, 2014 as compared with Rs.1.72 crores a year earlier.

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