

April 30, 2015

Facilities	Amount (Rs. Crore)	Rating
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 Rs.9.65 crore bank facilities of Kevin India Co. (KIC). The rating draws support from the firm's experienced management, increase in revenue and moderate scale of operations. However, the rating is constrained by the thin profit margin, increase in working capital cycle and vulnerability of its operating margin to volatility in forex. Further, the rating is also constrained by geo political risk.

KIC, established in 1995, is a Mumbai-based proprietorship firm engaged in the export of dyes, dyes-intermediaries and pigments used in industries such as paper, textile and leather among others. The firm is headed by Mr. Kevin Mehta, the proprietor who has around two decades of experience in the abovementioned line of business. In the last two years, KIC's revenue grew at a compounded annual growth rate (CAGR) of 50 per cent on account of high demand from customers. The firm has moderate scale of operations as reflected in the total operating income of Rs.65.85 crore in FY2013-14 (refers to financial year, April 01 to March 31).

The rating takes into account the firm's thin profit margin of 0.93 per cent for FY2013-14 due to the nature of business. Also, KIC's working capital cycle increased to 52 days in FY2013-14 from 27 days in FY2012-13. This resulted in an increase in the firm's short term debt to Rs.9.71 crore as on March 31, 2014 from Rs.2.22 crore as on March 31, 2013. Besides, the firm's operating margins are highly vulnerable to volatility in foreign exchange. The firm is engaged in exports hence is susceptible to geo political risk.

About the Firm

KIC, established in 1995, is engaged in the export of dyes, dye-intermediates, pigment powders among others to countries such as Pakistan, Bangladesh, USA, Europe to name a few.

The firm reported operating income of Rs.65.85 crore for FY2013-14, as compared to Rs.43.04 crore in FY2012-13. The firm's net worth stood at Rs.2.12 crore as on March 31, 2014 as against Rs.1.72 crore a year earlier.

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SMERA RATINGS LIMITED

Kevin India Co. (KIC)

*Rating
Rationale*

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