

Press Release

Devin Exim Private Limited

13 April, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 24.00 Cr.
Long Term Rating	SMERA BB- / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA BB minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 24.00 crore bank facilities of Devin Exim Private Limited. The outlook is '**Stable**'.

Mumbai based - Devin Exim Private Limited (DEPL) was incorporated in 2006 as a private company by Mr. Bharat Kewlani. DEPL is engaged in trading of industrial minerals such as barites, lime stone, aluminium etc.

Key Rating Drivers

Strengths

- **Experienced management**

DEPL was incorporated in 2006 and trades in minerals used in different industries. Mr Bharat Kewlani, Managing Director of the company, has more than a decade experience in the mineral industry.

- **Moderate Financial risk profile**

The company has moderate financial risk profile marked by moderate net worth of Rs. 9.79 crore as on 31 March, 2017 as against Rs. 7.52 crore as on 31 March, 2016. The gearing stood at 2.23 times as on 31 March, 2017 as against 1.92 times as on 31 March, 2016. The debt of Rs. 21.80 crore consists mainly of short term debt of Rs. 19.96 crore and secured long term debt of Rs. 1.23 crore as on 31 March, 2017. The Interest Coverage Ratio (ICR) stood at 1.67 times for FY2017 as compared to 1.96 times for FY2016. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 5.16 times as on 31 March 2017 as against 4.12 times as on 31 March 2016. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.04 times in FY2017 as against 0.06 times in FY2016.

- **Moderate scale of operations with increasing trend**

The operating income of DEPL is increasing at CAGR of around 58 percent in the last three years. The operating revenue stands at Rs. 161.34 Cr in FY2017 as compared to Rs. 85.43 Cr in FY2016. The increase of revenue is due to increase in number of minerals traded by the company.

Weaknesses

- **Intense competition**

The company is exposed to intense competition from various players in India and overseas which is likely to impact its operating performance and profitability. The net profit margin stands at 0.48 percent in FY2017 as compared to 0.93 percent in FY2016.

- **Working capital intensive operations**

The operations are working capital intensive marked by high Gross Current Asset (GCA) of 131 days in FY2017 and 160 days in FY2016. The GCA days are mainly dominated by high debtor days of 130 in FY2017 against 142 days in FY2016. SMERA believes that the efficient working capital management will be crucial to the firm in order to maintain a stable credit profile

Analytical Approach

SMERA has considered standalone financial and business risk profile of the company to arrive at the rating.

Outlook: Stable

SMERA believes that the DEPL will continue to benefit over the medium term on account of the experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected revenues and improved profitability while improving financial risk profile and liquidity position. Conversely, the outlook may be revised to negative if there is steep decline in company's revenues and profitability or deterioration in company's financial risk profile owing to higher than expected working capital requirements

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	161.34	85.43	64.39
EBITDA	Rs. Cr.	3.32	2.09	1.59
PAT	Rs. Cr.	0.77	0.79	0.49
EBITDA Margin	(%)	2.06	2.44	2.46
PAT Margin	(%)	0.48	0.93	0.76
ROCE	(%)	11.78	10.89	21.52
Total Debt/Tangible Net Worth	Times	2.23	1.92	1.06
PBDIT/Interest	Times	1.67	1.96	1.75
Total Debt/PBDIT	Times	6.55	6.89	4.54
Gross Current Assets (Days)	Days	131	160	148

Status of non-cooperation with previous CRA (if applicable)

CRISIL, vide release dated September 25, 2017 "CRISIL has been consistently following up with Devin Exim Private Limited (DEPL) for obtaining information through letters and emails dated July 18, 2017 and August 17, 2017 among others, apart from telephonic communication. However, the issuer has remained non cooperative. The investors, lenders and all other market participants should exercise due caution while using the rating assigned/reviewed with the suffix 'ISSUER NOT COOPERATING'. These ratings lack a forward looking component as it is arrived at without any management interaction and is based on best available or limited or dated information on the company."

Any other information

Not Available

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	20.00	SMERA BB- / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA A4+

Contacts

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ABOUT SMERA

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