

Press Release

Brickwork Ratings assigns short-term rating of 'BWR A4+' to the Bank Loan Facilities amounting to ₹ 24.50 Crores of DCS International Trading Company Private Limited (DCS)

Bank Loan Rating: BWR A4+

Brickwork Ratings has assigned the following rating to DCS International Trading Company Private Limited (DCS)'s Bank Loan facilities amounting to Rs.24.50Crores:

Facility	Tenure	Amount	Rating
FBWC – PC /PCFC Sub Limits: CPC PCFC	Short Term	₹8.50 Crores (₹5.00 Crores) (₹3.50 Crores)	BWR A4+ (Pronounced BWR A Four Plus) Facilities with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations. Such facilities carry very high credit risk and are susceptible to default.
FBWC - FDB/FBE (PBLC) Sub Limits: FDB/E (NPBLC/O)	Short Term	₹16.00 Crores (₹8.00 Crores)	
Total ₹ 24.50Crores (Rupees Twenty Four Crores Fifty Lakhs Only)			

PC/PCFC: Packing Credit /Packing Credit Foreign Currency
CPC: Continuous Packing Credit; FDB/FBE: Foreign Bills Discounting /Exports
PBLC: Prime Bank Letter of Credit; NPBLC: Non-Prime Bank Letter of Credit
FBWC: Fund Based Working Capital Limits

BWR has principally relied upon the audited financial results of DCS's for FY10, FY11, FY12, projected financials for FY13, publicly available information and information/clarification provided by the proprietorship firm. DCS International Trading Company Private Limited (DCS) started as a partnership firm in 1967 was registered as Private Limited Company in March 2012. DCS is a 100% exporter of natural human hair. DCS deals in Wigs, Hairpieces, Wefts, Toupees, Hair Extensions, Dolls, Wigs, Mannequin's Head Hairs, Eye Leashes and other human

hair product. DCS has been in this business since 1967 and supplies to Hong Kong, South Korea, China, Indonesia, Italy, Brazil, U.S.A, Germany and worldwide in huge quantity from 6” to 32”. Mr Dal Chand Solanki, Mr Prem Kumar Solanki and Mr Harsh Kumar Solanki are the directors of the company and key management personnel with active participation into the day to day affairs of the company. The directors are the promoters of DCS with an experience of more than 20 years in the hair business trade.

The net operating income of DCS has shown a growth from 51.49% at Rs.89.33 Crores in FY10 to 87.47% at Rs.291.95 Crores in FY12. However, they have estimated a conservative growth of 37.20% at Rs.400.00 Crores for FY13. The PAT has grown significantly from Rs.2.49 Crs(FY10) to Rs.14.38 Crs (FY12). Of which the non-operating income increase from Rs.0.62Crs (FY11) to Rs.3.60 Crs (FY12) due to exchange difference gains of Rs.3.41 Crs (FY12). As against the estimated sales of Rs.400.00 Crs (FY13), the company has achieved ~Rs.139Crs (H1FY13). The networth of the company is at Rs.11.71Crs (FY12). The Receivables for FY12 are maintained @~9.69% of the Sales and is in line since last two years. The same levels are estimated for FY13. The suppliers being mostly individuals are to be serviced on cash basis.

The rating has factored, inter alia, DCS’s experienced promoters and presence in this trade of Hair Business. The rating is however constrained by moderately high gearing levels and increasing competition in this segment. Going forward, ability of DCS to improve its capital base, effectively manage exchange risk fluctuation, which are essential to improve the liquidity position and profitability while achieving the envisaged growth would remain the key rating factors.

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