

June 08, 2015

| Facilities | Amount (Rs. Crore) | Rating |
|----------------|-----------------------|---------------------|
| Packing Credit | 4.00 | SMERA A4 (Assigned) |
| Forward Cover | 1.00 | SMERA A4 (Assigned) |

SMERA has assigned a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.5.00 crore bank facilities of KMS Exports Private Limited (KEPL). The rating derives comfort from the company's experienced management. However, the rating is constrained by the company's stretched liquidity, low network and the low debt protection metrics.

KEPL, established in 2000, is a Mumbai-based company that exports plastic products, food grains, textiles among others. The company is headed by Mr. Kaushik Gohil, Director who has 10 years of experience in the trading industry.

The company's stretched liquidity is reflected in high debtor days of ~65 days in FY2014 and ~55 days (provisional) in FY2015. The network of KEPL stood at Rs.1.54 crore (provisional) in FY2015 as compared to Rs.1.39 crore a year earlier due to the trading business. The working capital cycle days increased to ~85 in FY2014 from ~37 in FY2013. Besides, the debt equity ratio increased to 8.03 times in FY2014 from 3.62 times in FY2013. The total debt of Rs.11.14 crore in FY2014 majorly includes short term borrowing from the bank and promoters.

Rating sensitivity factors

- Increase in scale of operations while achieving healthy profit margins.
- Improvement in working capital management and comfortable capital structure.

About the Company

KEPL, established in 2000, is a Mumbai-based company promoted by Mr. Kaushik Gohil, Mr. Mukesh Shah, and Mr. Harshad Shah. The company exports a range of products including plastic goods, sugar, and rice, among others.

KEPL reported profit after tax (PAT) of Rs.0.17 crore on operating income of Rs.42.87 crore for FY2013-14, as compared with PAT of Rs.0.36 crore on operating income of Rs.44.47 crore in FY2012-13. The company registered PAT of Rs.0.15 crore (provisional) on operating income of Rs.42.22 crore (provisional) for FY2014-15. The firm's net worth stood at Rs.1.39 crore as on March 31, 2014, as compared with Rs.1.22 crore a year earlier.

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KMS Exports Private Limited (KEPL)

Rating
Rationale

SMERA RATINGS LIMITED

Contact List:

| Media/Business Development | Analytical Contacts | Rating Desk |
|--|---|--|
| Virendra Goyal Vice President, SME – Sales Tel: +91-22-6714 1177 Email: virendra.goyal@smera.in Web: www.smera.in | Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in | Tel: +91-22-6714 1184 Email: ratingdesk@smera.in |

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