



**April 04, 2016**

Facility	Amount (Rs. Crore)	Ratings
Packing Credit	5.00 (enhanced from Rs.4.00 crore)	SMERA A4 (Reaffirmed)

SMERA has reaffirmed the short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 5.00 crore bank facility of KMS Exports Private Limited (KEPL).

The rating continues to remain constrained by low net worth and low debt protection metrics. The rating is further constrained by the company's declining profitability and exposure to forex risk. However, the rating derives comfort from the company's experienced management.

### Update

KEPL revenues have remained almost stagnant at Rs.41.50 crore in FY2015 over Rs.42.87 crore in FY2014. The operating margin has declined to 2.23 percent in FY 2015 from 3.50 percent in FY 2014 and the company also has reported net losses of Rs. 0.16 crore for FY 2015 mainly on account of occurrence of natural calamity.

KEPL's net worth stands low at around Rs.1.23 crore as on March 31, 2015. The company's gearing (debt-equity ratio) stands high at 6.28 times as on March 31, 2015. However, total long term debt majorly includes unsecured loans to the extent of Rs. 4.31 crore as on 31st March, 2015. The company's interest coverage ratio stood low at 0.84 times in FY2014-15.

### Rating Sensitivity Factors

- Increase in scale of operations while achieving healthy profit margins.
- Improvement in 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 net loss of Rs.0.16 crore on operating income of Rs.41.05 crore for FY 2015, as compared with PAT of Rs.0.17 crore on operating income of Rs.42.87 crore in FY 2014.

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SMERA RATINGS LIMITED

## KMS Exports Private Limited (KEPL)

*Rating  
Rationale*

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