

January 21, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	9.10	SMERA B+/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA single B plus**) to the Rs.9.10 crore bank facility of Jheel Fabrics (JF). The outlook is '**Stable**'. The rating is constrained by the firm's small-scale operations, weak financial risk profile and working capital-intensive business. However, the rating draws comfort from the firm's experienced management.

JF, established in 2008, is a Mumbai-based proprietorship firm engaged in trading of denim fabrics. JF has small-scale operations marked by revenues of Rs.52.44 crore in FY2013-14 (refers to financial year, April 01 to March 31). The firm's weak financial risk profile is marked by low net worth of Rs.0.87 crore as on March 31, 2014 and moderate interest coverage of ratio of 1.89 times in FY2013-14. JF's gearing (debt-to-capital ratio) is high at 15.56 times as on March 31, 2014. The firm's operations are working capital-intensive, as reflected in gross current assets (GCA) of 164 days and collection period of 112 days in FY2013-14.

JF benefits from its experienced management. Mr. Pradeep Shah, proprietor of JF, has around six years of experience in the textile industry.

Rating sensitivity factors

- Efficient working capital management
- Capital structure

Outlook: Stable

SMERA believes JF will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers substantial growth in scale of operations and significant improvement in capital structure. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial profile.

About the firm

JF, established in 2008, is a Mumbai-based proprietorship firm promoted by Mr. Pradeep Shah. JF undertakes trading of denim fabrics.

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SMERA RATINGS LIMITED

Jheel Fabrics (JF)

Rating Rationale

For FY2013-14, JF reported net profit of Rs.1.52 crore on operating income of Rs.52.95 crore, as compared with net profit of Rs.1.13 crore on operating income of Rs.52.81 crore in FY2012-13. JF's net worth stood at Rs.0.87 crore as on March 31, 2014, as compared with Rs.0.69 crore a year earlier.

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

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