

### J.K.Non Woven Bags Private Limited: Downgraded

| Facilities  | Amount (Rs Crore) | Rating/Outlook                               |
|-------------|-------------------|--|
| Term Loan   | 3.72              | SMERA D<br>(Downgraded from SMERA B+/Stable) |
| Cash Credit | 3.50              | SMERA D<br>(Downgraded from SMERA B+/Stable) |

SMERA has downgraded the rating on the Rs.7.22 crore bank facilities of J.K.Non Woven Bags Private Limited (JK) to '**SMERA D**' (**read as SMERA D**) from 'SMERA B+/Stable'. The rating is constrained by delays in servicing of term loan obligations and weak financial risk profile marked by high gearing and low net worth. The rating is further constrained by low profitability and stretched liquidity position. However, the rating is supported by the experienced management.

#### Rating Sensitivity Factors

- Timely repayment of debt obligations
- Scaling up operations and profitability
- Efficient working capital management
- Maintaining comfortable capital structure

#### Criteria applied to arrive at the rating:

- Default Recognition

#### About the Company

JK, incorporated in June 2012, is a Surat-based company promoted by Mr. Zaverilal Jain and Mr. Kunal Jain. The company undertakes manufacturing of non-woven bags, bouffant caps and masks. The company commenced commercial operations in February 2013 at Surat, with installed capacity of 200 tonnes per month (for bags) and 1,00,000 pieces per day for surgical caps and masks.

For FY2015-16, JK reported (profit after tax) PAT of Rs.0.06 crore (Provisional) on operating income of Rs.18.63 crore as compared with profit after tax (PAT) of Rs.0.03 crore on operating income of Rs.14.96 crore in FY2014-15.

#### Rating History

| Date         | Name of the Instruments | Amount (Rs. Crore) | Ratings             |            | Rating Outlook |
|--------------|-------------------------|--------------------|---------------------|------------|----------------|
|              |                         |                    | Long Term           | Short Term |                |
| 28 May, 2015 | Cash Credit             | 3.50               | SMERA B+ (Assigned) | -          | Stable         |
|              | Term Loan               | 3.72               | SMERA B+ (Assigned) | -          | Stable         |

**Contacts:**

| <b>Analytical</b>   | <b>Business Development</b>  |
|---|--|
| Mr. Mohit Jain<br>Vice President – Ratings<br>Operations,<br>Tel: +91-22-6714 1105<br>Cell: 9619911017<br>Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a> | Mr. Suman M<br>Vice President – Business<br>Development, Corporate Ratings<br>Tel: +91-22-6714 1151<br>Cell: +91-9892306888<br>Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a> |

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit [www.smera.in](http://www.smera.in).

***Disclaimer:*** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.