

J.K.Non Woven Bags Private Limited: Downgraded

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

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