

Bose Foot Fashions Private Limited (BFFPL)

**Rating
Rationale**

August 18, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.56	SMERA B+/Stable (Assigned)
Foreign Bill Purchase	7.50*	SMERA A4 (Assigned)

*Includes packing credit as sublimit to the extent of Rs.6.00 crore.

SMERA has assigned a long-term rating of '**SMERA B+**' (read as SMERA B plus) and a short-term rating of '**SMERA A4**' (read as SMERA A four) to the Rs.8.06 crore bank facilities of Bose Foot Fashions Private Limited (BFFPL). The outlook is '**Stable**'. The ratings are constrained by the company's working capital intensive nature of operations, uneven revenue trend, debt funded capex and small scale of operations. However, the ratings draw support from the qualified and experienced promoters in the footwear industry, healthy profit margins, coverage indicators and reputed clientele.

Outlook: Stable

SMERA believes that BFFPL will continue to benefit over the medium term from its qualified and experienced management. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while also maintaining its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the scalability amidst intensifying competition in the area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity

- Efficient working capital management.
- Improvement in operating revenue while maintaining profit margins.

About the Company

BFFPL, a Noida based company, established in 2010 by Mr. S. Bose and Mrs. Sanchita Bose is engaged in the manufacture and export of leather footwear. The company took over the existing business of Bose Creations and Export; a proprietorship concern owned by Mr. S. Bose and commenced commercial operations in 2012.

BFFPL reported profit after tax (PAT) of Rs.0.45 crore on operating income of Rs.15.32 crore for FY2013-14, as compared with PAT of Rs.0.36 crore on operating income of Rs.11.96 crore in

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FY2012-13. The company's net worth stood at Rs.3.80 crore as on March 31, 2014, as compared with Rs.0.35 crore a year earlier.

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