

**April 09, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.50	SMERA B/Stable (Assigned)
Export Packing Credit	0.50*	SMERA A4 (Assigned)
Foreign Bill Purchase	0.50*	SMERA A4 (Assigned)

*\*Interchangeability of FBP to EPC up to Rs.0.50 crore*

SMERA has assigned long-term rating of '**SMERA B' (read as SMERA B)** and short term rating of '**SMERA A4' (read as SMERA A four)** to the above mentioned bank facilities of Chien Hsing Tannery (CHT). The outlook is '**Stable**'. The rating is constrained by the firm's moderate scale of operations and working capital intensive nature of business marked by stretched receivables. However, the ratings derive comfort from the experienced management and proximity to raw material sources.

**Outlook: Stable**

SMERA believes CHT will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improvement in working capital management. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

**Rating Sensitivity Factors**

- Improvement in size of operations and profitability
- Efficient working capital management

**About the Firm**

CHT, established in 2005 by Mr. Naresh Kumar Juneja and Ms. Minnie Juneja is engaged in the manufacture of finished leather at West Bengal. The installed capacity stands at 12 lakh square feet per month.

**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.



SMERA RATINGS LIMITED

## Chien Hsing Tannery (CHT)

## Rating Rationale

For FY2014–15, the company reported profit after tax (PAT) of Rs.0.13 crore on operating income of Rs.54.97 crore, as compared with PAT of Rs.0.13 crore on operating income of Rs.53.36 crore in FY2013–14.

### Contact List

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: <a href="mailto:pooja.ghosh@smera.in">pooja.ghosh@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**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.