



SMERA RATINGS LIMITED

J. C. Fenasia Exports Private Limited (J. C. Fenasia)

Rating Rationale

April 22, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.50	SMERA B-/Stable (Assigned)
Packing Credit	3.50	SMERA A4 (Assigned)
Letter of Credit*	0.50	SMERA A4 (Assigned)

* Fully interchangeable with Bank Guarantee

SMERA has assigned long term rating of '**SMERA B-**' (read as **SMERA B minus**) on the above mentioned Rs.3.50 crore long-term bank facility and '**SMERA A4**' (read as **SMERA A four**) on the Rs.4.00 crore short-term bank facilities of J. C. Fenasia Exports Private Limited (J.C. Fenasia). The outlook is '**Stable**'.

The ratings are constrained by the company's low profitability and below average financial risk profile marked by high gearing and low coverage indicators. The ratings are also constrained by the working capital intensive operations. However, the ratings draw comfort from the extensive experience of the promoters in the leather industry and the company's modest scale of operations.

Rating Sensitivity Factors

- Ability to scale up operations and profitability
- Improvement in capital structure
- Working capital management

Outlook – Stable

SMERA believes that J.C. Fenasia will continue to maintain a stable business risk profile in the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers better than expected growth in revenue and profitability or if the working capital management improves. However, the outlook may be revised to 'Negative' in case of deterioration of the financial risk profile.

About the Company

J.C. Fenasia, established in 2005 by Mr. Naresh Kumar Juneja is engaged in the trading of finished leather sheets and raw hide. The company also manufactures leather bags and wallets. The production unit of the company is located at West Bengal.

For FY2014-15 (refers to financial year April 01 to March 31), the company reported net loss of Rs.0.01 crore on operating income of Rs.54.96 crore, as compared with profit after tax (PAT) of Rs.0.09 crore on operating income of Rs.51.05 crore in FY2013-14.

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) for the latest information on any instrument rated by SMERA.



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*Rating
Rationale*

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