

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.

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Contact List

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head, Emerging Corporate Tel: +91-22-6714 1151 Cell: +91 9892306888 Email: suman.m@smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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