

Fenasia Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Term Loan	2.50	SMERA B-/Stable (Assigned)
Cash Credit	5.80	SMERA B-/Stable (Assigned)
Packing Credit	0.70	SMERA A4 (Assigned)
Foreign Bill Purchase/Letter of Credit	1.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B-**' (read as **SMERA B minus**) to the Rs.8.30 crore bank facilities and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.1.70 crore bank facilities of Fenasia Limited (Fenasia). The outlook is '**Stable**'.

The ratings are constrained by the company's moderate scale of operations and low margins. The ratings also factor in the stretched liquidity position due to large working capital requirements. However, the ratings draw comfort from the experienced promoters and average financial risk profile.

The company's scale of operations has been modest with operating income of Rs.40.45 crore in FY2015. Also, the company incurred net loss of 1.04 per cent in the same year mainly due to high depreciation. The provisional revenue stood at Rs.38.71 crore in FY2016.

Fenasia's stretched liquidity position is evident in its large working capital requirement marked by high gross current assets days of 171 in FY2015. Inventory and debtors stood at 113 days and 59 days respectively in FY2015. The average cash credit utilisation has been 98 per cent during the last six months.

However, the ratings draw support from the promoters' extensive experience in the chemicals industry. The company's financial risk profile is average marked by moderate net worth of Rs.9.34 crore, low debt equity of 0.67 times and moderate interest coverage ratio of 1.42 times in FY2015.

Rating Sensitivity Factors

- Scaling up of operations and profitability
- Efficient working capital management

Outlook-Stable

SMERA believes that Fenasia will maintain a stable outlook in the medium term and benefit from the experience of its promoters. The outlook may be revised to 'Positive' if the company scales up operations significantly while improving profitability and working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues or weakening of liquidity due to larger-than-expected working capital requirements.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

Fenasia Limited was established in 1997 by Mr. Naresh Kumar Juneja. The company manufactures leather finishing chemicals apart from trading in raw hide and wet blue leather at its facility at Hooghly, West Bengal.

For FY2014-15 (refers to financial year April 01 to March 31), Fenasia reported net loss of Rs.0.42 crore on operating income of Rs.40.45 crore as compared with profit after tax (PAT) of Rs.0.07 crore on operating income of Rs.38.43 crore in FY2013-14.

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ABOUT SMERA

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