

September 11, 2015

Facilities	Amount (Rs. Crore)	Rating
Packing Credit	5.00	SMERA A3+ (Reaffirmed)
Foreign Usance Discount Bill Purchase	1.50	SMERA A3+ (Reaffirmed)
Proposed Bank Facility	0.80	SMERA A3+ (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA A3+**' (**read as SMERA A three plus**) on the above mentioned bank facilities of Yamai Fashions Private Limited (YFPL). The rating continues to reflect experienced management, sound liquidity position, strong financial risk profile and healthy profit margins. However, the rating remains constrained by the company's exposure to high level of customer and geographic concentration risk in the intensely competitive leather market and susceptibility to slowdown in key markets.

Update

YFPL reported operating margin of 20.47 per cent (provisional) in FY2014-15 (refers to financial year, April 01 to March 31), as compared with 27.53 per cent in the previous year. The company's net profit margins declined to 14.94 percent in FY2014-15 from 21.03 per cent in FY2013-14 while the gearing level has been low at 0.02 times in FY2014-15 as compared to 0.07 times in FY2013-14. The return on capital employed of the company declined to 26.70 per cent in FY2014-15 as compared to 35.16 per cent in FY2013-14. The company has no plans for any debt funded capital expenditure (capex) in the near future.

Rating Sensitivity Factors

- Diversification of customer base
- Geographical diversification
- Demand from European Market
- Increase in scale of operations while maintaining healthy profit margins
- Changes in government policies
- Changes in working capital requirement

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About the Company

YFPL (formerly known as Trio Trend Consultants Private Limited), incorporated in 1991, is a Kolkata-based company, engaged in the manufacture and export of premium leather goods with manufacturing facility at Kolkata, West Bengal. The operations of the company are managed by Mr. Arjun Kulkarni and Mr. Sajal Kumar Mitra having experience of over a decade.

For FY2013–14, the company registered profit after tax (PAT) of Rs.15.94 crore on operating income of Rs.75.82 crore, as compared with PAT of Rs.3.74 crore on operating income of Rs.47.22 crore in FY2012–13.

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