

June 04, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	0.92	SMERA BBB-/Stable (Assigned)
Cash Credit	5.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BBB-**' (read as SMERA triple B minus) to the Rs.5.92 crore long term bank facilities of Betex India Limited (BIL). The outlook is '**Stable**'. The rating is supported by the company's experienced management, healthy financial risk profile and strong presence in the textile industry. However, the rating is constrained by the company's moderate scale of operations, stagnant revenue and exposure to intense market competition.

BIL, incorporated in 1987, is a Gujarat-based company engaged in dyeing and printing of synthetic cloths on job work basis. The company is promoted by Sumeet Industries Limited (SIL). SIL is one of the largest textile companies in Gujarat established in 1989 and engaged in the manufacture of PET chips, polyester and polypropylene yarn. BIL is headed by Mr. Mahesh Somani (Chairman) and Mr. Rajkumar Somani (Director) who possess three decades of experience in the textile industry. The healthy financial profile of the company is reflected in the debt-to-equity ratio of 0.75 times as on March 31, 2014 and interest coverage of 4.42 times in FY2013-14 (refers to financial year April 01 to March 31).

BIL's moderate scale of operations is reflected in the operating income of Rs.38.99 crore in FY2013-14 compared to Rs.40.05 crore in FY2012-13. The company's revenue has been in the range of Rs.37.00 crore to Rs.40.00 crore in the last three financial years and net worth stood at Rs.16.91 crore with unsecured loans of Rs.9.71 crore as on March 31, 2014. The company has made advances and investments within the group of Rs 7.89 crore. The company has also given capital advances of Rs. 4.76 crore towards purchase of land in Surat.

Outlook: Stable

SMERA believes BIL will maintain its credit risk profile over the medium term, backed by its promoters' extensive experience and high financial profile. The outlook may be revised to 'Positive', if the company achieves healthy growth in operating margins, manages its working capital requirements and maintains its financial risk profile. Conversely, the outlook may be revised to 'Negative', if the company registers a decline in operating income or undertakes larger than expected debt-funded capital expenditure, leading to weak financial risk profile.

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About the Company

BIL, incorporated in the year 1987, is a Gujarat based company engaged in the dyeing and printing of synthetic cloths on job work basis. The Surat-based company is promoted by Sumeet Industries Limited and Mahesh Kumar Somani

BIL reported profit after tax (PAT) of Rs.0.97 crore on operating income of Rs.38.99 crore for FY2013-14 as compared with PAT of Rs.1.14 crore on operating income of Rs.40.05 crore in FY2012-13. The company's net worth stood at Rs.16.91 crore as on March 31, 2014, as against Rs.15.95 crore a year earlier.

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