

Betex India Limited (Betex)

Betex India Limited: Reaffirmed

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

SMERA has reaffirmed the rating of '**SMERA BBB-**' (read as SMERA triple B minus) on the Rs.5.92 crore bank facilities of Betex India Limited (Betex). The outlook is '**Stable**'.

The rating continues to derive comfort from the company's experienced management, healthy financial risk profile and strong group presence in the textile industry. However, the rating is constrained by the moderate scale of operations and stagnancy in revenue. The rating also factors in the intense market competition in the industry.

Update

Betex undertakes dyeing and printing of synthetic cloth on job work basis. The revenues of the company increased from Rs.43.86 crore in FY2014-15 (refers to financial year, April 01 to March 31) to Rs.56.14 crore in FY2015-16. However, the operating margin declined over the years from 8.82 per cent in FY2013-14 to 6.33 per cent in FY2015-16. Around 97.04 per cent of the revenue in FY2015-16 was generated from dyeing and finishing (96.81 per cent in FY2014-15) and 2.06 per cent from wind mill power sale (3.19 per cent in FY2014-15). For Q1FY2016-17, the company registered revenue of Rs.12.09 crore as compared to Rs.13.67 crore during the corresponding period last year.

Betex's financial risk profile continues to remain moderate in spite of marginal decline in interest coverage ratio from 3.70 times in FY2014-15 to 3.06 times in FY2015-16. The gearing (debt to equity ratio) stands at 1.00 times as on March 31, 2016 (0.87 times as on March 31, 2015). The GCA for FY2015-16 stood at 123 days as against 114 days for FY2014-15.

Rating Sensitivity Factors

- Scalability of operations while maintaining profit margins
- Efficient working capital management

Outlook: Stable

SMERA believes that the outlook on Betex will remain stable over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues and profit margins.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

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About the Company

Betex, incorporated in 1987 is a Surat-based company engaged in dyeing and printing of synthetic cloth on job work basis. The company was promoted by Sumeet Industries Limited and the Somani family.

For FY2015-16, Betex reported net profit of Rs.1.04 crore on operating income of Rs.56.14 crore, as compared with net profit of Rs.1.30 crore on operating income of Rs.43.86 crore in FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
04 June, 2015	Term Loan	0.92	SMERA BBB- (Assigned)	-	Stable
	Cash Credit	5.00	SMERA BBB- (Assigned)	-	Stable

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ABOUT SMERA

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