

Press Release

Betex India Limited

15 March, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs.5.92 Cr
Long Term Rating	SMERA BBB-/Stable (Reaffirmed)

* Refer Annexure for details

Rating Rationale

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

BIL was incorporated in the year 1987 by Mr. Mahesh Kumar Somani and his family. The company is engaged in dyeing and printing of synthetic fabric on job work basis and is based out of Surat (Gujarat).

Key rating drivers

Strengths

Experienced Management and established track record of operations:

BIL is headed by Mr. Mahesh Somani (Chairman) and Mr. Rajkumar Somani (Director) who possess three decades of experience in the textile industry. Hence long track record of operations has helped the company to maintain healthy relationship with the customers. The ratings continue to derive comfort from experienced management and strong presence in the textile industry.

Moderate scale of operations

BIL's moderate scale of operations is reflected in the operating income of Rs.57.61 crore in FY2016-17 compared to Rs.56.14 crore in FY2015-16. Till September 2017, the company has achieved revenue of Rs.9.93 crore.

Moderate financial risk profile

The financial risk profile of the company is marked by moderate networth, low gearing and comfortable debt protection matrix. The networth stood at Rs.20.37 crore as on 31st March 2017 as against Rs.19.26 crore in the previous year. The gearing stood at 0.80 times as on March 31, 2017 as against 1.00 times as on March 31, 2016. The Interest coverage ratio (ICR) stood at 3.35 times for FY2016-17 as against 3.06 times for FY2015-16. NCA/TD ratio stood at 0.16 times in FY2017 as against 0.13 times in the previous year

Weaknesses

Working capital intensive nature of operations

The company is having working capital intensive nature of operations. The GCA stood at 184 days as on 31st March 2017 as against 169 days in the previous year. The reason for the same is due to increase in debtor days to 100 days as on 31st March 2017 as against 169 days in the previous year. However the inventory is well managed and stood at 14 days as on 31st March 2017 as against 39 days in the previous year.

Susceptibility of margins to raw material price fluctuations:

The margins declined marginally to 6.27 percent in FY2016-17 as against 6.33 percent in the previous year. The margins of the company are susceptible to fluctuations in the raw material prices.

Analytical approach:

SMERA has considered the standalone business and financial risk profile of the firm.

Outlook – Stable

SMERA believes BSL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers sustained revenue growth leading to further improvement in the financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the company's financial risk profile

About the Rated Entity – Key Financials

Particulars	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	57.61	56.14	43.86
EBITDA	Rs. Cr.	3.61	3.55	3.23
PAT	Rs. Cr.	1.11	1.04	1.30
EBITDA Margin	(%)	6.27	6.33	7.36
PAT Margin	(%)	1.93	1.86	2.98
ROCE	(%)	5.98	6.88	6.57
Total Debt/Tangible Net Worth	Times	0.80	1.00	0.87
PBDIT/Interest	Times	3.35	3.06	3.70
Gross Current Assets	Days	184	169	157

Any other information:

No default statement pending.

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing: <https://www.smera.in/criteria-manufacturing.htm>
- Application Financial Ratios and Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

Not Applicable. The rating has been done only on financial information available in the public domain.

Rating History (Upto last three years)

Date	Facilities	Amount	Ratings/Outlook
18 November 2016	Term Loan	0.92	SMERA BBB-/ Stable (Reaffirmed)
	Cash Credit	5.00	SMERA BBB-/ Stable (Reaffirmed)
04 June 2015	Term Loan	0.92	SMERA BBB-/ Stable (Reaffirmed)
	Cash Credit	5.00	SMERA BBB-/ Stable (Reaffirmed)

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.92	SMERA BBB-/ Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA BBB-/ Stable (Reaffirmed)

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ABOUT SMERA

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