August 03, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	8.00	SMERA BB+/ Stable (Assigned)
Term Loan	5.69	SMERA BB+/ Stable (Assigned)

SMERA has assigned a long-term rating of **'SMERA BB+' (read as SMERA double B plus)** to the Rs.13.69 crore bank facilities of Bliss Impex (BI). The outlook is **'Stable'**. The rating is supported by the firm's experienced management and the partner's track record in supporting the business in the form of unsecured loan and healthy growth in the operating income. The rating also draws comfort from the firm's moderate financial risk profile and strong debt servicing ability. However, the rating is constrained by the firm's high leverage (debt-to-capital ratio), raw material fluctuation risk and the firm's exposure to intense market competition.

BI, established in 2006, is a Haryana-based partnership firm engaged in dying, painting and embroidery of fabrics. The firm is headed by Mr. Ravinder Jain, the promoter who has around three decades of experience in the textile business. The firm received promoter funding of about Rs.3.00 crore in FY2013-14 and Rs.1.00 crore (provisional) in FY2014-15 (refers to financial year, April 01 to March 31). The operating income of the firm has seen a healthy increase to Rs.78.02 crore (provisional) in FY2014-15 from Rs.14.45 crore in FY2013-14. BI's moderate financial risk profile is marked by healthy interest coverage ratio of 3.61 times (provisional) in FY2014–15 and (Return on capital employed) ROCE of 16.84 per cent (provisional) in FY2014–15. The debt servicing ability of the firm is expected to remain strong with debt service coverage ratio (DSCR) likely to remain in the range of 2.50-2.80 times from FY2015-16 to FY2017-18.

BI's leverage (debt-to-capital ratio) is high at 1.42 times (provisional) as on March 31, 2015. The firm's operations are susceptible to volatility in raw material (fabrics, dyes and threads) prices which constitute ~80 per cent of the total raw material cost. Besides, BI faces intense competition from other players in the industry.

Outlook: Stable

SMERA believes BI will maintain a stable business risk profile over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers significant improvement in profitability and cash accruals. The outlook may be revised to 'Negative' in case of substantial decline in the firm's profitability and cash accruals, or in case of stretch in the firm's working capital cycle.

About the Firm

BI, established in 2006, is a Haryana-based partnership firm engaged in dying, painting and embroidery of fabrics. The firm is promoted by Mr. Ravinder Jain, Mr. Ekansh Jain and Ms. Kavita Khanna and has its manufacturing facility at Gurgaon, Haryana.

BI reported net profit of Rs.3.05 crore on operating income of Rs.78.02 crore (provisional) for FY2014–15 as compared with net profit of Rs.0.99 crore on operating income of Rs.45.04 crore in FY2013–14. The firm's net worth stood at Rs.12.31 crore (provisional) as on March 31, 2015, as compared with Rs.8.34 crore a year earlier.

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