

December 29, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	4.00	SMERA BB-/Stable (Assigned)
Term Loan I	0.18	SMERA BB-/Stable (Assigned)
Term Loan II	2.09	SMERA BB-/Stable (Assigned)
Term Loan III	1.13	SMERA BB-/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA BB-**' (read as **SMERA double b minus**) to the Rs.7.40 crore bank facilities of Bright Star Syntex Private Limited (BSPL). The outlook is '**Stable**'. The rating is supported by the company's experienced management, stable profit margins and average financial risk profile. The rating also draws support from the favourable location of the manufacturing facility. However, the rating is constrained by the small scale of operations, debt funded capex plans with low net worth and fragmented structure of the textile industry.

Rating Sensitivity Factors

- Timely repayment of debt
- Increase in scale of operations on account of capex
- Volatility in yarn and fabric prices impacting profitability

Outlook: Stable

SMERA expects BSPL to maintain its business risk profile backed by promoters' experience in the textile industry. The outlook may be revised to 'Positive' if the profitability is higher than expected with efficient working capital management leading to better financial flexibility. Conversely, the outlook may be revised to 'Negative' in case of lower than expected profitability and significant decline in the scale of operations.

About the Company

BSPL, incorporated in 2002 is engaged in spinning, weaving and finishing of textiles (Jacquard woven fabrics/curtain). The company is promoted by Mr. Bijay Agrawal and Ms. Saroj Agrawal and the manufacturing unit is located at Tarapur, Thane.

For FY2014-15, BSPL reported profit after tax (PAT) of Rs.0.37 crore on total income of Rs.18.33 crore as against PAT of Rs.0.38 crore on total income of Rs.16.23 crore for FY2013-14.

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