

January 18, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	10.00	SMERA BB+/Stable (Assigned)
Term Loan	1.80	SMERA BB+/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.11.80 crore long term (fund based) bank facility of Surya Laxmi Industries (SLI). The outlook is '**Stable**'. The rating continues to derive comfort from the firm's experienced management and healthy financial risk profile. The rating also draws support from the healthy relations with customers and suppliers. However, the aforementioned strengths are partially offset by the modest scale of operations, high utilisation (BLU ~95 per cent) for twelve months through December 2015 and intense competition in the non-textile industry.

Outlook: Stable

SMERA believes SLI will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case of sustainable improvement in revenue and profitability profile along with improvement in working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the firm's financial risk profile, owing to debt funded capital expansion and working capital management.

Rating Sensitivity Factors

- Debt funded capital expansion
- Timely execution of upcoming capex
- Efficient working capital cycle

About the Firm

The Delhi based, Surya Laxmi Industries (SLI) was established as a partnership firm in 2011. The firm was promoted by Mr Tarun Karnany and Mr Abhishek Jhawar as a partnership firm. SLI is engaged in the manufacturing of polypropylene (PP) spun-bonded non-woven fabric, used in home furnishing, packaging and medical (hospitals). The firm has manufacturing facilities in Himachal Pradesh with capacity of 4000 MT spread across an area of 1 acre (*of which 65 per cent is currently occupied*).

For FY2014-15, the firm reported profit after tax (PAT) of Rs.1.84 crore on operating income of Rs.42.40 crore, as compared with profit after tax (PAT) of Rs.1.50 crore on operating income of Rs.30.76 crore in FY2013-14. The net worth stood at Rs.5.41 crore as on March 31, 2015 against Rs.4.08 crore a year earlier.

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