

Bright Style Fabrics Private Limited: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Cash Credit	8.00	SMERA BB-/Stable (Assigned)
Term Loan	4.00	SMERA BB-/Stable (Assigned)

SMERA has assigned long term rating of **'SMERA BB-' (read as SMERA double B minus)** on the Rs.12.00 crore bank facilities of Bright Style Fabrics Private Limited (BSFPL). The outlook is **'Stable'**.

The rating is supported by the company's long track record of operations and experienced management. The rating also factors in the comfortable financial risk profile marked by moderate operating margin and interest coverage. However, the rating is constrained by the moderate scale of operations and exposure to intense competition in the textile industry.

BSFPL is engaged in the manufacturing, processing and finishing of fabrics. The company benefits from its experienced management. Mr. Om Prakash Agrawal, Director has around three decades of experience in the textile industry. The financial risk profile of the company reflects moderate and fluctuating operating income of Rs.32.89 crore in FY2015-16 as compared to Rs.37.73 crore in FY2014-15 and Rs.35.92 crore in FY2013-14.

The company registered comfortable gearing (debt-equity ratio) of 1.09 times and low net profit margin of 1.53 per cent in FY2015-16. The interest coverage ratio stood at 1.96 times as on March 31, 2016 as compared to 1.88 times a year earlier. The operating margin has been moderate at 10.52 per cent in FY2015-16 as compared to 9.95 per cent in FY2014-15. The ROCE was 11.89 per cent in FY2015-16 as against 13.01 per cent during the corresponding period last year. BSFPL has working capital cycle of 123 days in FY2015-16 compared to 115 days in the previous year. Also, the company faces intense market competition in the textile industry.

Outlook-Stable

SMERA believes that the outlook on BSFPL's rated facilities will remain stable over the medium term on account of its experienced management and moderate financial risk profile. The outlook may be revised to 'Positive' if the company achieves better than expected growth in revenues and profit margins. Conversely, the outlook maybe revised to 'Negative' in case of decline in profitability or deterioration of capital structure.

Rating Sensitivity Factors

- Improvement in revenue while maintaining profitability

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

BSFPL was incorporated by Mr. Hari Prasad Agrawal in 2008. The company is engaged in the processing and finishing of fabrics at Bhilwara, Rajasthan. It has 60 airjet power looms with installed capacity of 5 lakh metres per month to produce grey and finished fabrics.

The company caters to customers across several states including Punjab, Delhi, Uttar Pradesh through distributors. BSFPL procures most of its raw material from the local market.

For FY2015-16, the company reported net profit after tax of Rs.0.50 crore on total income of Rs.32.89 crore as against Rs.0.42 crore on total income of Rs.37.73 crore a year earlier. The net worth stood at Rs.9.80 crore as on March 31, 2016 as compared with Rs.9.06 crore a year earlier.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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