



Rating Rationale

Shree Balaji Agro Tech

6 Apr 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 10.73 Crores of Shree Balaji Agro Tech.

Particulars

Facility	Type	Amount (₹ Crs)	Tenure	Rating*
Cash Credit	Fund Based	7.50	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Term Loan		3.23		
Total		10.73	INR Ten Crores Seventy Three Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon Shree Balaji Agro Tech (SBAT) Audited Financial Statements from FY15 to FY17, provisional financials for FY18 and projected financial statements for FY 19 & FY 20, publicly available information and information / clarification provided by the SBAT management.

The rating draws strength from Increasing Revenues & Profitability, Partners Experience in Cotton Industry, Strategic locational advantage of industry. The rating is however constrained by susceptibility to volatility in raw material prices, seasonality risks.

Going forward, the Company's ability to achieve projected figures with increase in revenues and profitability, timely debt servicing will be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

Increasing Revenues & Profitability: SBAT's Operating Income for FY17 has been increased from ₹26.13 Cr in FY 16 to ₹85.28 Cr in FY17 resulting in increase of 2.26 Times

Partners Experience: SBAT is promoted by its partners Mr. Dinesh Mandhani & Manish Mandhani with an experience of more than 15 Years in Cotton Industry thus by giving competitive edge and efficient management of environmental factors.

Locational Advantage of Industry: SBAT industry is located in Parbhani district of Maharashtra which is part of the major cotton growing belts in the state ensuring in adequate and timely availability of cotton crop economically.



- **Credit Risks:**

Susceptibility to volatility in raw material prices: Margins in Cotton Industry are highly susceptible to fluctuation in raw material prices and government intervention is also high.

Seasonality Risks: Availability of Cotton is mainly dependent on vagaries of rainfall.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Shree Balaji Agro Tech** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Shree Balaji Agro Tech was incorporated in the Year 2013 in the line of Cotton Ginning & Pressing. It is promoted by its Partners Mr. Dinesh Mandhani, Mr. Manish Mandhani with an experience of more than 15 Years and Mrs. Anitha Mandhani & Mrs. Priyanka Mandhani with an experience of 8&6 Years respectively. SBAT has an installed capacity of ginning of 300 Bales per day & 900 Seeds capacity in quintal per day. It has its manufacturing facility located in Parbhani District of Maharashtra.

Company Financial Performance

SBAT reported PAT of ₹0.42 Cr with Revenues of ₹85.28 Cr for FY17. It's Gearing ratio stood at 2.07 Times, ISCR and DSCR stood at 2.24 Times and 1.41 Times respectively for FY17.

Rating History for the last three years

S.No	Instrument	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	10.73	BWR BB (Outlook: Stable)	NA	NA	NA
	Total		10.73	₹ Ten Crores Seventy Three Lakhs Only			

Status of non-cooperation with previous CRA - NA

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	85.28	26.13
EBITDA	₹ Cr	2.26	0.95
PAT	₹ Cr	0.42	0.20
Tangible Net worth	₹ Cr	5.15	3.38
Total Debt/Tangible Net worth	Times	2.09	3.19
Current Ratio	Times	1.28	1.30

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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