



Rating Rationale

Shree Balaji Exports

28 Aug, 2017

Brickwork Ratings assigns long term ratings for the bank loan facilities of Shree Balaji Exports

Particulars

Facility Rated	Current Review Amount (Rs. Crs)	Tenure	Recommended rating
Fund Based *Cash Credit	9.00	Long Term	BWR B (Pronounced as BWR Single B) Outlook : Stable
Non Fund Based (ILC/FLC)	(1.50)#	Short Term	BWR A4 (Pronounced as BWR Single A Four)
Total	Rs. 9.00 Crores (INR Nine Crores Only)		

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

Sublimit of Cash Credit Limits

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating of Shree Balaji Exports (SBE or 'the firm') is constrained by a relatively low scale of operations, very low equity base and constitution as proprietorship concern, besides very high gearing ratio. The assigned rating, however, derives comfort from the experienced proprietor in the iron and steel cold forge industry, moderate net profit margins and diversified product portfolio catering to the auto sector replacement market.

Key Rating Drivers

Credit Weaknesses:

- α) **Constitution as proprietorship:** The ratings factor in the risks associated with the proprietorship constitution of the firm.
- β) **Profitability:** Net Profit Margins declined 1.20X in FY16 to 1.12x in FY17. Operating Profit Margins declined from 4.17x in FY16 to 3.98x in FY17.
- γ) **Low networth and high gearing:** Firm's equity and reserves in FY17 (audited) is Rs.1.63Cr with gearing (TOL/TNW ratio) of 5.08x.
- δ) **Low Asset Base:** No capex has been done by the firm and written down value of machinery in FY17 is 0.03Cr.

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Credit Strengths:

a) **Experienced promoter:** The promoter has experience of about two decades in the industry.

Rating Outlook: Stable

BWR believes the Shree Balaji Exports' 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.

Analytical Approach:

BWR has factored in the standalone business and financial risk profile of the firm to arrive at the rating. The applicable rating criteria is hyperlinked below for reference.

About the Company

Ludhiana (Punjab) based Shree Balaji Exports, was set up in 1991 and is engaged in manufacturing and trading of bolts, nuts, wire rods and other auto parts under brand 'Balaji'. The firm's registered office is located at Focal Point, Ludhiana (Punjab). It is ISO 9001:2008 certified. The firm markets 90% of its products in the domestic markets and exports the rest to countries like Sri Lanka and Nepal.

Company Financial Performance

Total operating income (TOI) has improved from Rs 23.08 Cr in Fy16 to Rs 30.71 Cr in FY17 (unaudited). PAT has improved from Rs 0.28 Cr in Fy16 to Rs 0.34 Cr in FY17 (audited).

Key Financial Ratios

	FY16	FY17(audited)
Net Sales/Revenues	Rs 23.08 Cr	Rs 30.71 Cr
EBIDTA	Rs 0.96 Cr	Rs 1.22 Cr
PAT	Rs 0.28 Cr	Rs 0.34 Cr
Tangible Networth	Rs. 0.78 Cr	Rs. 1.63 Cr
Total Debt : TNW	11.67 times	5.08 times
Current Ratio	3.86 times	1.29 times



Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History
		Type	Amount (Rs Crs)	Rating	2016
1.	Cash Credit	Long Term	9.00	BWR B Outlook : Stable	NA
	ILC/FLC	Short Term	(1.50)#	BWR A4	
			Rs.9.00 Crores (INR Nine Crore Only)		

Sublimit of Cash Credit Limits

Status of non-cooperation with previous CRA (if applicable) – NA
Any other information – NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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For print and digital media

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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.

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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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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