Rating Rationale

Shri Balaji Rollings Private Limited

5 Sept 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Shri Balaji Rollings Private Limited.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based Cash Credit	**4.00**	**Long Term**	**BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable**
Non-Fund Based Bank Guarantee (BG) Letter Of Credit (LC)	**0.50 21.00**	**Short Term**	**BWR A4+ (Pronounced as BWR A Four Plus)**
Total	**Rs. 25.50 Crores (INR Twenty Five Crores Fifty Lakh 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 audited financial results of Shri Balaji Rollings Private Limited up to FY 16, provisional financial for FY17, publicly available information & clarification/information provided by the firm.

The rating assigned to the bank facilities of Shri Balaji Rollings Private Limited positively factors extensive experience of the promoters and established track record of the company in the Steel Billets manufacturing business.

The ratings are however, constrained on account of its working capital intensive nature of operations, profitability is highly susceptible to volatile in raw material prices, and highly fragmented industry with intense competitive market, moderate scale of operation as compare to other players in the market, low net profit margins.

Going forward the ability of the Company to scale up its revenues, improve the profitability margins, strengthen the capital structure, diversify its customer base and efficiently manage its working capital would be key rating sensitivities.

Key Rating Drivers:

Credit Strengths

- The Promoters are experienced in iron and Steel industry for more than two decade. The group company "Arya Steel Rolling India Ltd" is associated with steel rolling mill since 2007.
- Growing in top line, with increase in total operating income from Rs.117.66 Crs. in FY 16 to 145.16 Cr. in FY 17 (unaudited).
- Unsecured Loan of Rs.21.30 Cr in FY17 (Unaudited) from partners and related parties. These Long term borrowings are subordinated to bank borrowings and the firm has advised that these will be maintained in business.
- The company enjoys established relationship with its client and supplier.

Credit Weakness

- The Scale of operation continuous remains at moderate level with Low Profit margins has compared to other.
- Cyclicality associated with industry and susceptibility of probability to volatility of raw material prices. Though the iron and steel industry witnessed prize stabilization in FY 17, backed by government initiative; the growth and demand continued to be muted.

Rating Outlook: Stable

BWR believes the Shri Balaji Rollings Private Limited 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

Shri Balaji Rollings Private Limited (SBRPL) was set up in 1997 by Mr. Rajendraprasad Singla and Mr Sumit Kumar Singla. The company manufactures billets and its manufacturing plant is in Cuncolim (Goa). Currently the company is having 34000MT P.A capacity of billets manufacturing and is selling its product in Goa and Maharashtra. Further the company is also in the business of Coal Trading.

The company also imports coal and does trading in coal, sponge iron and heavy melting scrap. The group company "Arya Steel Rolling India Ltd" is associated with steel rolling mill since 2007.

Company Financial Performance

The Revenue of the company has increased by~23.72% in FY17 (unaudited) as against FY16 mainly on account of increase in business activity. PAT margins also have increased~300 %. The tangible net worth of the firm stood at Rs. 9.59 Crs as on 31-03-2017.

	FY16 (Audited)	FY17(Provisional)
Net Sales/Revenues (in Rs. Crores)	117.66	145.16
EBIDTA (in Rs. Crores)	1.08	1.99
PAT (in Rs. Crores)	0.20	0.85
Tangible Net worth (in Rs. Crores)	8.39	9.59
Tangible Net worth(With unsecured loan)(in Rs. Crores)	21.55	20.16
Total Debt : TNW (Times)	3.83	2.82
Current Ratio (Times)	1.80	1.59

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	**Cash Credit**	Long Term	**4.00**	**BWR BB+**	N.A	N.A	N.A
3.	**Bank Guarantee(BG)**	Short Term	**0.50**	**BWR A4+**	N.A	N.A	N.A
4.	**Letter Of Credit(LC)**	Short Term	**21.00**	**BWR A4+**	N.A	N.A	N.A
Total	**Rs. 25.50 Crores (INR Twenty Five Crores Fifty Lakh Only.)**						

Status of non-cooperation with previous CRA (if applicable): N.A

Any other information: N.A

Hyperlink/Reference to Applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Group Support
- Short Term Debt
- Manufacturing Entities

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 ₹ 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 100cities.

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