

Balaji Stone Crushing Plant (BSCP)

Rating
Rationale

July 15, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA BB-/Stable (Assigned)
Cash Credit (Proposed)	2.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	5.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as SMERA double B minus) and short term rating of '**SMERA A4**' (read as SMERA A four) to the Rs.10.00 crore bank facilities of Balaji Stone Crushing Plant (BSCP). The outlook is '**Stable**'. The ratings derive comfort from the firm's experience management, moderate financial risk profile and reputed customer base. However, the ratings are constrained by firm's small scale of operations and working capital intensive nature of business.

BSCP, established in 1996 is a Navi Mumbai-based proprietorship firm engaged in stone crushing business. The firm is headed by Mr. Raman Bohara, the proprietor with experience of almost two decades in the industry.

BSCP has moderate financial risk profile marked by gearing (debt-to-net worth) of 0.96 times as on March 31, 2014. The firm's interest coverage ratio (ICR) stands at 2.32 times in FY2013-14. BSCP has healthy operating margin of 19.28 per cent and net profit margin of 3.12 per cent in FY2013-14. Further, the firm has reputed customer base such as UltraTech Cement Limited, L&T Construction Limited and Lafarge (I) Private Limited etc. which ensures repetitive business.

BSCP's operations are working capital intensive evidenced by high gross current assets of 137 days in FY2013-14. BSCP has small scale of operations reflected in the operating income of Rs.18.78 crore (provisional) in FY2014-15 (Rs. 16.26 crore in previous year).

Outlook: Stable

SMERA believes that BSCP's outlook will remain stable over the medium term on account of experienced management. The outlook may be revised to 'Positive' in case the firm improves its scale of operations along with effective working capital management. The outlook may be revised to 'Negative' in case of deterioration in financial risk profile or larger than expected working capital requirements.

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About the Firm

BSCP, established in 1996 is a Navi Mumbai-based proprietorship firm promoted by Mr. Raman N. Bohara. The firm is engaged in crushing of stones to produce fine aggregate and sand widely used in mines, metallurgy, building materials, highway, railway, water irrigation and chemical industries. The firm has a stone crushing capacity of 1500 MT per day.

For FY2013-14, BSCP reported profit after tax (PAT) of Rs.0.51 crore on operating income of Rs.16.26 crore, as compared with PAT of Rs.0.80 crore on operating income of Rs.16.10 crore for FY2012-13. For FY2014-15, SGPL reported operating income of Rs.18.78 crore (provisional). The company's net worth stood at Rs.7.67 crore as on March 31, 2014, as compared with Rs.7.58 crore a year earlier.

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