

Balaji Stone Crushing Plant: Upgraded

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	4.25	SMERA BB-/Stable (Reaffirmed)
Term Loan	1.11	SMERA BB-/Stable (Assigned)
Bank Guarantee	4.64	SMERA A4+ (Upgraded from SMERA A4)

SMERA has reaffirmed the long term rating of '**SMERA BB-**' (read as SMERA double B minus) and upgraded the short term rating of '**SMERA A4+**' (read as SMERA A four Plus) from 'SMERA A4' (read as SMERA A four). SMERA has assigned long term rating of '**SMERA BB-**' (read as SMERA double B minus) on the Rs.1.11 crore bank facility of Balaji Stone Crushing Plant (BSCP). The outlook is '**Stable**'. The ratings continue to draw comfort from the firm's experienced management, moderate financial risk profile and reputed customer base. However, the ratings are constrained by the small scale of operations and susceptibility to cyclical in the construction industry.

Update

The firm reported marginally higher revenue of Rs24.68 crore in FY2016 (Provisional) compared to Rs19.74 in FY2015. The operating margins fell to 11 per cent in FY2016 (Provisional) from 15 per cent in FY2015 and 19.28 per cent in FY2014, this was due to higher material costs. The firm continues to have moderate financial risk profile as marked by its moderate gearing, moderate interest coverage ratios, strong net cash accruals to total debt and moderate debt protection metrics. The gearing ratio has improved from 0.91 times in FY2015 to 0.64 times in FY2016 (Provisional). The interest coverage declined to 2.22 times in FY2016 (Provisional) compared to 2.50 times in FY2015 but is still at a comfortable level. Moreover, NCA/TD is at 0.28 times in FY2016 (Provisional).

The firm's scale of operations is modest with increase in revenue from Rs.16.10 crore in FY2013 to Rs.24.68 crore in FY2016 (Provisional).

Rating Sensitivity Factors

- Scaling up of operations and sustenance of profit margins
- Extent of debt-funded capex mix

Outlook-Stable

SMERA believes that BSCP will continue to maintain a stable outlook and benefit over the medium term from the promoters extensive experience and reputed client base. The outlook may be revised to 'Positive' if the firm achieves more than envisaged sales and profitability, and improves its scale of operations. Conversely, the outlook may be revised to 'Negative' if the firm fails to achieve growth in revenue and the financial risk profile deteriorates.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

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 the crushing of stones and has a crushing capacity of 1500 mt per day.

For FY2014-15, BSCP reported profit after tax (PAT) of Rs.0.60 crore on operating income of Rs.19.74 crore, as compared with PAT of Rs.0.51 crore on operating income of Rs.16.26 crore for FY2013-14. For FY2015-16 (Provisional) BSCP reported profit after tax (PAT) of Rs.0.77 crore on operating income of Rs.24.68 crore.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
15, July 2015	Cash Credit	3.00	SMERA BB- (Assigned)	-	Stable
	Cash Credit(Proposed)	2.00	SMERA BB- (Assigned)	-	Stable
	Bank Guarantee	5.00	-	SMERA A4 (Assigned)	-

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ABOUT SMERA

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