

July 24 2015

| Facility | Amount (Rs. Crore) | Rating |
|----------|-----------------------|----------------------|
| EPC/PCFC | 5.00 | SMERA A4+ (Assigned) |

SMERA has assigned a short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.5.00 crore bank facility of Balaji Exports (BE). The rating is supported by the firms experienced management, moderate financial risk profile and efficient working capital cycle. However, the rating is constrained by the moderate scale of operations and geographic concentration risk. The rating also factors in risk related to the partnership constitution.

BE, established in 2001 is a Jaipur-based firm engaged in the furniture and decorative accessories business. The firm benefits from its experienced management. Mr Umesh Agarwal, Mrs. Sandeep Agarwal and Mrs. Rukmanidevi, partners have more than a decades experience in the said line of business. BE's moderate financial risk profile is marked by debt-to-capital ratio of 1.06 times as on March 31, 2015 and interest coverage of 3.34 times in FY2014-15. The net worth of the firm stood at Rs.2.37 crore as on March 31, 2015. BE's efficient working capital management is reflected in the negative working capital cycle for the last three financial years for the period FY2012-13 to FY2014-15. The firm receives credit of 30-45 days and realises payment from its customers within 30 days of which 30 percent are advances.

However, BE's scale of operations are moderate with revenue of Rs.30.23 crore in FY2014-15 compared to Rs.27.21 crore in FY2013-14. The firm is exposed to geographic concentration risk with around 50 per cent of the revenue coming in from exports to USA. Besides, the firms' financial profile is susceptible to withdrawal of capital by partners.

About the Firm

BE, a Jaipur-based partnership firm established in 2001 is engaged in the furniture and decorative accessories business.

For FY2013-14, BE reported profit after tax (PAT) of Rs.0.55 crore on operating income of Rs.27.21 crore, as compared with PAT of Rs.0.38 crore on operating income of Rs.24.58 crore in FY2012-13. For FY2014-15, the firm registered operating income of Rs.30.23 crore (provisional). The firm's net worth stood at Rs.2.37 crore as on March 31, 2015, as compared with Rs.2.85 crore a year earlier.

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SMERA RATINGS LIMITED

**Balaji Exports
(BE)****Rating
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