

February 13, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	8.16	SMERA B/Stable (Assigned)
Cash Credit	1.00	SMERA B/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA B**' (read as SMERA B) to the Rs.9.16 crore bank facilities of Shreeji Blocks Private Limited (SBPL). The outlook is '**Stable**'. The rating is constrained by the company's limited track record and modest scale of operations amidst intense competition in the Autoclaved Aerated Concrete (AAC) block industry. The rating is also constrained by susceptibility to the cyclical nature of the real estate industry. However, the rating is supported by the experienced management.

Rating Sensitivity Factors

- Ability to scale up operations and profitability
- Ability to generate healthy cash accruals to repay debt obligations

Outlook – Stable

SMERA believes that SBPL will continue to maintain a stable business risk profile in the medium term owing to the experienced management. The outlook may be revised to 'Positive' if the company scales up its operations while improving profitability and maintains a comfortable financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of steep decline in the company's revenue and profit margins, deterioration in the capital structure or if it undertakes larger than expected debt-funded capex.

About the Company

SBPL, incorporated in 2013, is a Nagpur-based company promoted by Mr. Lalit Patel, Mr. Chandrakant Bhadani, Mr. Mahesh Patel and others. The company is engaged in the manufacture of autoclaved aerated concrete (AAC) blocks and has an installed capacity of 200 cubic meters per day. The company started its commercial production from August 20, 2015.

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Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: +91-22- 6714 1151 Cell: +91 9892306888 Email: suman.m@smera.in Web: www.smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-22-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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