

Press Release

Shreeji Blocks Private Limited (SBPL)

13 June, 2017



Rating Assigned

| | |
|-------------------------------------|--------------------|
| Total Bank Facilities Rated* | Rs.9.66 Cr |
| Long Term Rating | SMERA D (Assigned) |

*Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA D**' (**read as SMERA D**) on the Rs. 9.66 crore bank facilities of Shreeji Blocks Private Limited (SBPL).

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.

List of key rating drivers and their detailed description

Strengths:

Experienced management

The promoters have vast experience of around 15 years in the building material industry.

Weaknesses

Delays in term loan repayments

There have been delays with regard to principal and interest payment during the last three months due to weak liquidity in the business.

Weak financial risk profile

The company has weak financial risk profile marked by low net worth of Rs. 3.19 crore as against debt of Rs. 10.47 crore as on 31 March, 2017. Going ahead, SBPL's ability to generate sufficient cash accruals to service its debt obligations would be a key rating sensitivity.

Nascent stage of operations

The company was established in 2013 and commenced commercial operations from 20th August, 2015. SBPL registered revenue of Rs. 1.90 crore in FY 2015-16.

Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

About the Rated Entity

SBPL, a Nagpur-based company promoted by Mr. Lalit Patel, Mr. Chandrakant Bhadani, Mr. Mahesh Patel and others commenced commercial production from 20 August, 2015 to manufacture AAC blocks. The installed capacity stands at 200 cubic meters per day.

In FY2015-16, SBPL reported loss of Rs.0.38 crore on operating income of Rs.1.90 crore. The net worth stood at Rs.2.87 crore as on 31 March, 2016.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

| Name of Instrument /Facilities | FY2017 | | | FY2016 | | FY2015 | | FY2014 | |
|--------------------------------|--------|-----------------------------|----------------------|--------------|---------------------------|--------|--------|--------|--------|
| | Scale | Amount (Rs. Crore) | Rating with Outlook | Date | Rating | Date | Rating | Date | Rating |
| Cash Credit | LT | 1.50 (revised from 1.00 cr) | SMERA D (Downgraded) | 13 Feb, 2016 | SMERA B/Stable (Assigned) | - | - | - | - |
| Term Loan | LT | 8.16 | SMERA D (Downgraded) | 13 Feb, 2016 | SMERA B/Stable (Assigned) | - | - | - | - |

*Annexure – Details of instruments rated:

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|-------------|---------------|-------------------------------|---|
| Cash Credit | NA | NA | NA | 1.50 (revised from 1.00 cr) | SMERA D (Downgraded from SMERA B/Stable) |
| Term Loan | NA | NA | NA | 8.16 | SMERA D (Downgraded from SMERA B/Stable) |

Note on complexity levels of the rated instrument: <https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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