

February 29, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	0.67	SMERA B/Stable (Assigned)
Cash Credit	5.00	SMERA B/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B** (read as SMERA B)' to the Rs.5.67 crore bank facilities of Shree Balaji Industries (SBI). The outlook is '**Stable**'. The rating is constrained by the weak financial profile marked by decline in profitability (losses on operating PBT level supported by non-operating income), low net worth, moderate gearing and low interest coverage. SMERA also factors in the intense competition in the food industry. However, the rating draws support from the experienced management.

Outlook: Stable

SMERA believes SBI will maintain its moderate business risk profile in the medium term owing to the established operations and extensive experience of the promoters. The outlook may be revised to 'Positive' in case of improvement in operations, profitability margin and net worth. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates further.

Rating Sensitivity Factors

- Scaling up of operations while maintaining profitability
- Improvement in net worth and accruals

About the Firm

SBI was incorporated in 2012 by Mr. Sushil Kumar Khetan, Mr. Sanjay Kumar Aggarwal, Mr. Hari Om Gupta and Mr. Ashok Kumar Aggarwal. The firm is engaged in the manufacture and processing of Gaur gum pulse and Churi (cattle feed).

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.01 crore on operating income of Rs.62.24 crore, as compared with profit after tax (PAT) of Rs.0.01 crore on operating income of Rs.68.36 crore in FY2013-14. The net worth stood at Rs.1.62 crore as on March 31, 2015 against Rs.1.34 crore a year earlier.

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