

Press Release

Balaji Precision Tubes (India) Private Limited

April 06, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 11.02 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs. 11.02 crore bank facilities of Balaji Precision Tubes (India) Private Limited. The outlook is '**Stable**'.

Balaji Precision Tubes (India) Private Limited (BPTIPL) was established in 2015 by Mr. Bipin Pralhad Yadav and Mr. Nitin Prahlad Yadav. The company is engaged in the manufacturing of cold drawn welded (CDW) tubes and electrically resistance welded (ERW) pipes at Mumbai. The installed capacity stands at 400 tons and 1000 tons respectively per month. The aforementioned products are used in the manufacturing of special purpose machines, material handling and hydraulic equipments. The company caters to the automobile and textile industries.

Key Rating Drivers

Strengths

- **Proximity to raw materials**

The company procures raw material - CR coil and HR coil from Jindal and Tata Steel.

Weaknesses

- **Limited operational track record**

While the company was established in 2015, the operations are expected to commence from April, 2017.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of BPTIPL.

Outlook: Stable

SMERA believes that BPTIPL will maintain a stable outlook in the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenue and net cash accruals while maintaining better profit margins and improving the working capital management. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenue and profitability, or deterioration in the financial risk profile.

About the Rated Entity - Key Financials

No operational track record till date.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	31-Dec-2023	7.42	SMERA B- / Stable
Overdraft	Not Applicable	Not Applicable	Not Applicable	3.60	SMERA B- / Stable

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in Abhishek Dey Rating Analyst Tel: +91 33 6620 1222 abhishek.dey@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in

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