



**Press Release**  
**SHREE BALAJI PIGMENTS PRIVATE LIMITED**  
**August 29, 2023**

**Rating Reaffirmed and Withdrawn**

| Product                            | Quantum (Rs. Cr) | Long Term Rating                   | Short Term Rating |
|------------------------------------|------------------|------------------------------------|-------------------|
| Bank Loan Ratings                  | 21.84            | ACUITE BB   Reaffirmed & Withdrawn | -                 |
| Bank Loan Ratings                  | 3.16             | Not Applicable   Withdrawn         | -                 |
| Total Outstanding Quantum (Rs. Cr) | 0.00             | -                                  | -                 |
| Total Withdrawn Quantum (Rs. Cr)   | 25.00            | -                                  | -                 |

**Rating Rationale**

Acuite has reaffirmed & withdrawn its long term rating to '**ACUITE BB**' (read as **ACUITE double B**)' on Rs 21.84 crore bank facilities. The long term rating is withdrawn on Rs. 3.16 crore proposed bank facilities of Shree Balaji Pigments Private Limited. The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

**Rationale for the Reaffirmation**

The rating is reaffirmed considering the operating and financial performance of SBPPL. It is also supported by experienced management & strong market presence, significant market share and location advantage of the company. However, the rating is constrained by the working capital intensive nature of operations and fluctuations in the prices of Metal & Steel.

**About the Company**

Shree Balaji Pigments Private Limited (SBPPL) was incorporated in 2007 is a Jammu based private limited company. The company is engaged in the manufacturing of TMT Bars with and installed capacity of 1,05,000 metric tonnes per annum. The company procures the raw material i.e., ingots from the domestic market and after processing it and converting it to TMT Bars the product is sold in the domestic market. The Present Directors of the company are Mr. Sunil Kumar Aggarwal and Mr. Lalit Aggarwal.

**Analytical Approach**

For arriving at this rating, Acuite has considered the standalone business and financial risk profile of Shree Balaji Pigments Private Limited.

**Key Rating Drivers**

**Strengths**

**Established track record & Experienced Management**

This unit is operational since 2007. The management is closely involved in the operation of the company and further infused funds in the form of equity in order to support growing scale of operations. Operating Income for the FY23 stood at Rs 133.03 crore as against Rs 153.83 crore for FY22. The reason for decline in turnover is mainly because the company had focused more to increase the profitability margin as compared to last year. Further, EBITDA Margin for the FY23 stood at 3.79% as against 3.41% in FY22. The Profit after tax margins (PAT) stood at 1.85%

in FY23 from (0.81)% in FY22. The company is majorly located in Jammu. Acuité believes that the company will continue to benefit from the promoters' experience.

## **Moderate Financial risk profile**

The financial risk profile of the company remained moderate marked by moderate net worth, debt protection metrics and gearing ratio. The net worth of SBPPL stood at Rs 14.08 Crs as on FY23 as against Rs 11.75 Crs as on FY22. The gearing level (debt-equity) stood at 1.71 times as on FY23 as against 2.32 times as on FY22. Total outside liabilities to Tangible net worth (TOL/TNW) ratio stood high at 1.91 times in FY23 as against 2.28 times in FY22. The coverage indicators are average marked by Interest Coverage Ratio (ICR) of 4.77 times for FY23 as against 2.46 times for FY22. Debt service coverage ratio (DSCR) stood at 3.14 times in FY23 as compared with 1.17 times in FY22. Acuite believes that financial risk profile of the company may continue to remain moderate over the medium term in absence of any major debt funded capex plan.

## **Weaknesses**

### **Working capital intensive nature of operations**

The operations of the company are working capital intensive in nature marked by GCA Days of 90 days in the FY23 as against 73 days in FY22. Furthermore, the receivables days stood at 44 days in FY23 & 37 days in FY22. The inventory holding days stood at 24 days in FY23 & 20 days in FY22. The creditor days of the company stood at 10 days in FY23 & FY22. Acuite believes that the working capital operations of the company will remain in the same line.

### **Vulnerability of margins to fluctuations in the prices of metal and steel**

The profitability is susceptible to volatility in raw material prices of metal and steel products. The company operates in a highly fragmented and competitive industry with a large number of organised and unorganised players.

## **Rating Sensitivities**

Improvement in revenue and profitability going forward.

Significant Improvement in working capital management of the company resulting into improved liquidity.

## **All Covenants**

None

## **Liquidity Position**

### **Adequate**

Liquidity of SBPPL is adequate as the cash accruals generated of Rs 3.95 Crs in FY23 against Rs 0.09 maturing debt obligation during the same period. The current ratio stood at 1.33 times in FY23. Further, NCA/TD (Net Cash Accruals to Total Debt) stood at 0.16 times in FY23 as against 0.02 times in FY22. The company has unencumbered cash and bank balances of Rs 0.11 Cr as on 31 March 2023. Working capital is intensive in nature marked by GCA days of 90 days in FY23.

## **Outlook: Not Applicable**

## **Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 23 (Actual) | FY 22 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 133.03         | 153.83         |
| PAT                           | Rs. Cr. | 2.46           | (1.24)         |
| PAT Margin                    | (%)     | 1.85           | (0.81)         |
| Total Debt/Tangible Net Worth | Times   | 1.71           | 2.32           |
| PBDIT/Interest                | Times   | 4.77           | 2.46           |

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities | Term      | Amount (Rs. Cr) | Rating/Outlook                                      |
|-------------|--------------------------------|-----------|-----------------|---|
| 24 Aug 2022 | Working Capital Term Loan      | Long Term | 2.55            | ACUITE BB   Stable (Upgraded from ACUITE B+)        |
|             | Working Capital Term Loan      | Long Term | 1.79            | ACUITE BB   Stable (Upgraded from ACUITE B+)        |
|             | Proposed Bank Facility         | Long Term | 3.16            | ACUITE BB   Stable (Upgraded from ACUITE B+)        |
|             | Cash Credit                    | Long Term | 17.50           | ACUITE BB   Stable (Upgraded from ACUITE B+)        |
| 18 Jul 2022 | Cash Credit                    | Long Term | 20.75           | ACUITE B+ ( Issuer not co-operating*)               |
|             | Proposed Bank Facility         | Long Term | 4.25            | ACUITE B+ ( Issuer not co-operating*)               |
| 19 Apr 2021 | Proposed Bank Facility         | Long Term | 4.25            | ACUITE B+ (Downgraded and Issuer not co-operating*) |
|             | Cash Credit                    | Long Term | 20.75           | ACUITE B+ (Downgraded and Issuer not co-operating*) |
| 24 Jan 2020 | Cash Credit                    | Long Term | 20.75           | ACUITE BB- (Issuer not co-operating*)               |
|             | Proposed Bank Facility         | Long Term | 4.25            | ACUITE BB- (Issuer not co-operating*)               |

## Annexure - Details of instruments rated

| Lender's Name  | ISIN           | Facilities                       | Date Of Issuance | Coupon Rate    | Maturity Date  | Complexity Level | Quantum (Rs. Cr.) | Rating                             |
|----------------|----------------|----------------------------------|------------------|----------------|----------------|------------------|-------------------|------------------------------------|
| Bank of India  | Not Applicable | Cash Credit                      | Not Applicable   | Not Applicable | Not Applicable | Simple           | 17.50             | ACUITE BB   Reaffirmed & Withdrawn |
| Not Applicable | Not Applicable | Proposed Long Term Bank Facility | Not Applicable   | Not Applicable | Not Applicable | Simple           | 3.16              | Not Applicable   Withdrawn         |
| Bank of India  | Not Applicable | Working Capital Term Loan        | Not available    | Not available  | Not available  | Simple           | 2.55              | ACUITE BB   Reaffirmed & Withdrawn |
| Bank of India  | Not Applicable | Working Capital Term Loan        | Not available    | Not available  | Not available  | Simple           | 1.79              | ACUITE BB   Reaffirmed & Withdrawn |

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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