

Rating Update

April 16, 2025 | Mumbai

Balaji Impex

Update as on April 16, 2025

This update is provided in continuation of the rating rational below.

The key rating sensitivity factors for the rating include:

Upward factors:

- Steady revenue growth of 10% and sustenance of operating margin over the medium term.
- Better working capital management, with GCAs sustaining below 65 days.

Downward factors:

- Further stretch in receivables or pile-up of inventory adversely affecting liquidity.
- Any stagnation in revenue, especially due to volumes, leading to accrual less than Rs 1 crore.
- Significant capital withdrawal.

Crisil Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, Crisil Ratings seeks regular updates from companies on the business and financial performance. Crisil Ratings is, however, awaiting adequate information from Balaji Impex (BI) which will enable us to carry out the rating review. Crisil Ratings will continue provide updates on relevant developments from time to time on this credit.

Crisil Ratings also identifies information availability risk as a key credit factor in the rating assessment as outlined in its criteria 'Information Availability Risk in Credit Ratings'.

About the Company

Set up in 2006 in Mumbai as a partnership firm by Mr Ilesh Gadhia and Mr Mitesh Gadhia (third-generation entrepreneurs), BI trades in sulphur and soda ash. The Gadhia family has been in the trading business since 1940.

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Rating Rationale

February 08, 2024 | Mumbai

Balaji Impex

'CRISIL BB-/Stable/CRISIL A4+' assigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.32 Crore
Long Term Rating	CRISIL BB-/Stable (Assigned)
Short Term Rating	CRISIL A4+ (Assigned)

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1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

**Issuer did not cooperate; based on best-available information*

Detailed Rationale

CRISIL Ratings has assigned its 'CRISIL BB-/Stable/CRISIL A4+' ratings to the bank facilities of Balaji Impex (BI).

The ratings reflect the extensive experience of the partners. This strength is partially offset by low operating margin due to trading nature of business and working capital-intensive operations.

Key Rating Drivers & Detailed Description

Strength:

- **Extensive experience of the partners:** Longstanding presence has enabled the partners to establish healthy relationships with customers and suppliers and strengthen market position.

Weaknesses:

- **Low operating margin due to trading nature of business:** Modest initial investment and low complexity of operations have resulted in the entry of many small entities in the trading industry, leading to weak operation margin.
- **Working capital-intensive operations:** Gross current assets (GCAs) were 65-177 days (65 days as on March 31, 2023) over the three fiscals ended March 31, 2023, because of stretched receivables of 41-80 days and large inventory.

Liquidity: Stretched

Bank limit utilisation was high at 94.2% for the 12 months through November 2023. Expected annual cash accrual of over Rs 1.2 crore will tightly match yearly term debt obligation of Rs 1 crore, over the medium term.

Current ratio was healthy at 1.81 times as on March 31, 2023. Cash and bank balance stood at around Rs 1.25 crore as on March 31, 2023.

Outlook: Stable

The firm will continue to benefit from its longstanding relationships with principals and the management's experience in mitigating inherent risk in the trading business.

Rating Sensitivity Factors

Upward factors

- Steady revenue growth of 10% and sustenance of operating margin over the medium term.
- Better working capital management, with GCAs sustaining below 65 days.

Downward factors

- Further stretch in receivables or pile-up of inventory adversely affecting liquidity.

- Any stagnation in revenue, especially due to volumes, leading to accrual less than Rs 1 crore.
- Significant capital withdrawal.

About the Company

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Key Financial Indicators

As on/for the period ended March 31	Unit	2023	2022
Operating income	Rs.Crore	290.67	146.79
Reported profit after tax (PAT)	Rs.Crore	3.06	1.47
PAT margin	%	1.05	1.00
Adjusted debt/adjusted network	Times	1.43	3.03
Interest coverage	Times	3.07	2.13

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Assigned with Outlook
NA	Cash credit	NA	NA	NA	7	NA	CRISIL BB-/Stable
NA	Letter of credit	NA	NA	NA	9	NA	CRISIL A4+
NA	Bill discounting under Letter of credit	NA	NA	NA	16	NA	CRISIL A4+

Annexure - Rating History for last 3 Years

Instrument	Current			2024 (History)		2023		2022		2021		Start of 2021
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	7	CRISIL BB-/Stable		--	07-12-23	Withdrawn (Issuer Not Cooperating)*	30-08-22	CRISIL B /Stable(Issuer Not Cooperating)*	11-06-21	CRISIL B/Stable	CRISIL D
			--		--	19-10-23	CRISIL B /Stable(Issuer Not Cooperating)*		--		--	CRISIL BB+ /Stable(Issuer Not Cooperating)*
Non-Fund Based Facilities	ST	25	CRISIL A4+		--	07-12-23	Withdrawn (Issuer Not Cooperating)*	30-08-22	CRISIL A4 (Issuer Not Cooperating)*	11-06-21	CRISIL A4	CRISIL D
			--		--	19-10-23	CRISIL A4 (Issuer Not Cooperating)*		--		--	--

												Cooperating)*									
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All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Criteria Details

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