



Press Release

Shree Balaji Roadlines (SBR)

March 28, 2024

Ratings

Facilities	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Cash Credit	52.00	IVR BBB-/Stable (IVR Triple B minus plus with Stable Outlook)	Assigned	Simple
Long Term Bank Facilities – Proposed Cash Credit	12.65	IVR BBB-/Stable (IVR Triple B minus plus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities – Bank Guarantee	5.35	IVR A3 (IVR A three)	Assigned	Simple
Total	Rs. 70.00 (Rupees Seventy Crore)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Shree Balaji Roadlines (SBR) derive strength from its healthy order book, reputed client base, improving scale of operations and experienced promoters. The rating is however constrained by moderate financial risk profile and presence in highly fragmented sector.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and profitability leading to overall gearing falling below 2x on a sustained basis.

Downward Factors

- Any declined in operating income and/or profitability and/or any deterioration in working capital cycle and/or any unplanned debt led capex leading to deterioration in credit profile.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Improving scale of operations

SBR's revenue has improved by 28.95% on y-o-y basis to Rs.480.19 crore driven additions of clients as well as orders from existing customers. As per 9MFY24, SBR has reported revenue of Rs. 505.60 crore. SBR EBITDA margins have slightly declined in FY23 due to higher labor cost; however remained strong and at 13.62% (FY22:14.76%), Infomerics expects SBR's financial profile to remain strong with repeated customers and stable EBITDA margins.

Healthy orders from cement players

SBR is having healthy order book from cement players, these include India Cements Ltd, Orient Cement Ltd, Ultratech Cement Ltd, and others. In these orders agreement is signed between SBR and Cement players and value of the order is dependent on capacity of the SBR to provide logistic services seamlessly. SBR is also eligible for bonus and incentives if able to cross certain threshold limit of material transported.

Experienced Promoters

The proprietor of the firm namely Vijay Gaikwad has more than two decades of experience in the logistics industry. Promoters of the firm are ably supported by an experienced second line of management. With around decades of experience and operational efficiency, SBR has established good reputation in the domestic market.

Key Rating Weaknesses

Leveraged capital structure

SBR's capital structure remained leveraged with TOL/TNW and overall gearing stood at 3.44x and 2.85x respectively in FY23 (FY22:2.67x and 2.26 respectively). The capital structure is leveraged due to increase in equipment / vehicle loan taken by SBR to increase its fleet of vehicles.

Presence in the highly fragmented sector

Indian logistics sector has high degree of fragmentation with the presence of large established companies and many small and medium sized unorganized companies.



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Further, the firm also faces competition from the domestic operators also. Intense competition restricts the bargaining power and affects the profit margins and restrict it to an extent.

Analytical Approach: Standalone

Applicable Criteria:

[Policy on Default Recognition](#)

[Criteria of assigning Rating outlook](#)

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity – Adequate

SBR's liquidity position remained adequate marked by healthy GCA of Rs. 50.02 crores in FY23. SBR is having cash and bank balance of Rs. 1.79 crore as on FY23. Further, SBR's working capital utilization is high at 96.06% in twelve months ended December 23. SBR has projected GCA in the range of Rs. 86.74 crores – Rs. 167.11 crore as against the debt repayment of Rs. 42.42 crore – Rs. 75.95 crore which is sufficient to meet the future debt obligations.

About the Company

Shree Balaji Roadlines (SBR) was founded in 1999 by Mr. Vijay Manikrao Gaikwad which was later formed a sole proprietorship firm in 2004. SBR provides supply chain management solutions for trucking, warehousing and intermodal transportation delivered through three fully integrated divisions. SBR is engaged in providing transport logistics services to various reputed customers such as ACC Limited, India Cements Limited, Tata Steel Limited, Kesoram Industries Limited, etc. As on the current date, SBR has a fleet of 1,250 owned vehicles and 800 hired vehicles. SBR has a per month loading capacity of 1,50,000 MT – 2,00,000 MT.



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Financials (Standalone)*:

(Rs. Crore)

For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Operating Income	372.39	480.19
EBITDA	54.98	65.41
PAT	15.79	21.12
Total Debt	204.00	334.89
Tangible Net worth	90.38	117.30
EBITDA Margin (%)	14.76	13.62
PAT Margin (%)	4.22	4.38
Overall Gearing Ratio (times)	2.26	2.85

*Classification as per Infomerics standards

Status of non-cooperation with previous CRA: Nil.

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Bank Facilities – Cash Credit	Long Term	52.00	IVR BBB-/Stable	–	–	–
2.	Long Term Bank Facilities – Proposed Cash Credit	Long Term	12.65	IVR BBB-/Stable	–	–	–
3.	Short Term Bank Facilities – Bank Guarantee	Short Term	5.35	IVR A3	–	–	–

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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	–	–	–	52.00	IVR BBB- /Stable
Long Term Bank Facilities – Proposed Cash Credit	–	–	–	12.65	IVR BBB- /Stable
Short Term Bank Facilities – Bank Guarantee	–	–	–	5.35	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Balaji-Roadlines-mar24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.