

## Baroda Hi-Tech Alloys Private Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	2.00	CARE BBB; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	11.70	CARE A3+; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) has been seeking information from Baroda Hi-Tech Alloys Private Limited (BHAL) to monitor the ratings vide e-mail communications dated February 24, 2025, March 04, 2025, March 05, 2025, March 10, 2025, March 25, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which however, in CARE Rating's opinion is not sufficient to arrive at a fair rating. The rating on BHAL's bank facilities will now be denoted as CARE BBB; Stable /CARE A3+; ISSUER NOT COOPERATING\*.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

The reaffirmation of the ratings takes into account healthy profitability position, comfortable capital structure and debt coverage indicators along with adequate liquidity position during FY24 (Audited, FY refers to period from April 1 to March 31). The ratings further continue to derive strength from experienced promoters of BHAL in the casting industry. The above strengths are partially offset by moderate scale of operations coupled with its presence in highly competitive and fragmented casting industry along with susceptibility of profit margins to volatility in raw material prices and foreign exchange rate fluctuations.

**Analytical approach:** Standalone

### Outlook: Stable

The outlook on the long-term rating of BHAL is 'Stable' considering stable demand of casting products coupled with long track record of the company and benefits of increased production capacity would enable the company to sustain its operational performance over the medium term.

### Detailed description of key rating drivers:

At the time of last rating on April 05, 2024, the following were the rating strengths and weaknesses (updated based on information available from MCA).

### Key strengths

#### Experienced Promoters in the casting industry

BHAL is promoted by Mr. P N Mohanan, Director, having more than three decades of experience in production and marketing of castings. Ms. Deepa P Mohanan, Director of company also holds healthy experience of more than two decades in casting industry. The management is supported by tier II staff. Further, vast experience of promoters has led to strong relationship with customers as well as suppliers.

#### Reputed Clientele

BHAL's deals on B2C basis to reputed companies in industries like Aggregates (Crushing Industry), Valves, Cement, Chemicals, Mining, Engineering etc. Major customers of BHAL include Sandvik Group (Sandvik Asia Pvt. Ltd., and Sandvik Mining & Construction Logistic, Sweden) which is a leading player in mining tools and construction tools industry and gives repeat orders for castings to BHAL. All the customers are reputed players in mining and construction tools industry, from whom, BHAL generally gets regular orders.

#### Healthy profitability

The profitability of BHAL continue to remain healthy as marked by PBILDT margin at 15.32% in FY24 (FY23: 16.68%) the marginal moderation is due to proportionate increase in other manufacturing expenses due to decline in scale of operations. Furthermore, the PAT margin remained healthy at 70.89% (Rs.91.08 crore) in FY24, compared to 10.20% (Rs.16.90 crore) in FY23. This significant increase is primarily due to an extraordinary income of Rs.82.93 crore in FY24, arising from the sale of one of BHAL's plants.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Comfortable capital structure and debt coverage indicators

Capital structure of BHAL continued to remain highly comfortable marked by overall gearing ratio of 0.01x as on March 31, 2024 (0.01x as on March 31, 2023) mainly owing to repayment of term loan and low working capital utilization. Debt coverage indicators also remained comfortable as marked by healthy interest coverage ratio of 35.24x in FY24 (26.08x in FY23) on the back of low finance costs.

### Key weaknesses

#### Moderate scale of operations

The scale of operations as marked by total operating income (TOI) declined by 22% in FY24 however it continue to remain moderate at Rs.128.48 crore in FY24 and Rs.165.63 crore in FY23.

#### Presence in highly competitive and fragmented casting industry

BHAL's products find application in Aggregate industry (Crushing Industry), Valves Industry, Cement Industry, Chemical Industry, Mining Industry, and Engineering Industry, which are inherently vulnerable to economic cycles. The slowdown in these industries may adversely affect the business operations of the company. Furthermore, international crisis and economic conditions also play important role for the business operations of BHAL as it generates around 39% of income in FY23 from export sales. Moreover, entry barriers to the industry are very low which result into very low pricing power and high competition amongst the players and due to which profitability always remains vulnerable.

#### Susceptibility of profit margins to volatility in raw material prices and foreign exchange rate fluctuations

The major raw materials for manufacturing castings are steel scrap and ferro alloys, the prices of which have shown fluctuations during the past few years due to volatility in the global commodity markets. Further, the company exports the castings mainly to countries like Sweden, USA and UK, while import portion is low, making it a net exporter. BHAL does not have any active hedging policy which exposes its profit margins to fluctuations in foreign exchange rates.

#### Liquidity: Adequate

BHAL's liquidity position remained adequate, marked by healthy cash and bank balance of Rs.52.91 crore as on March 31, 2024 (Rs.1.06 crore as on March 31, 2023) due to sales proceeds from selling of one of the two plants in FY24. Gross cash accruals remained robust at Rs.100.10 crore in FY24 as against meagre amount of outstanding term loan of Rs.0.12 crore as on March 31, 2024. Current and quick ratio remained healthy at 10.36x and 9.75x respectively as on March 31, 2024. Operating cycle of BHAL moderated from 37 days in FY23 to 55 days in FY24 mainly due to increase in collection period from 56 days in FY23 to 71 days in FY24.

### Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Castings & Forgings

Baroda (Gujarat)-based BHAL (CIN: U27310GJ1999PTC036756) was incorporated in October 1999 by Mr. P N Mohanan. Mr. P N Mohanan has experience of more than three decades in casting industry. The company is engaged in manufacturing of castings of steel and alloys with installed capacity of 31,200 metric ton per annum (MTPA) as on March 31, 2023, and sells its products directly to other domestic companies across India as well as to export markets.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	165.63	128.49
PBILDT	27.63	19.68
PAT	16.90	91.09
Overall gearing (times)	0.01	0.01
Interest coverage (times)	26.08	35.24

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	2.00	CARE BBB; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Packing Credit in Indian rupee		-	-	-	7.50	CARE A3+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	2.00	CARE A3+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Credit Exposure Limit		-	-	-	2.20	CARE A3+; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	2.00	CARE BBB; Stable; ISSUER NOT COOPERATING *	1)CARE BBB; Stable (05-Apr-24)	1)CARE BBB; Stable (05-Apr-23)	1)CARE BBB; Stable (04-Apr-22)	1)CARE BBB; Stable (01-Apr-21)
2	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	1)Withdrawn (04-Apr-22)	1)CARE A3+ (01-Apr-21)
3	Non-fund-based - ST-Bank Guarantee	ST	2.00	CARE A3+; ISSUER NOT COOPERATING *	1)CARE A3+ (05-Apr-24)	1)CARE A3+ (05-Apr-23)	1)CARE A3+ (04-Apr-22)	1)CARE A3+ (01-Apr-21)
4	Fund-based - ST-Packing Credit in Indian rupee	ST	7.50	CARE A3+; ISSUER NOT COOPERATING *	1)CARE A3+ (05-Apr-24)	1)CARE A3+ (05-Apr-23)	1)CARE A3+ (04-Apr-22)	1)CARE A3+ (01-Apr-21)
5	Non-fund-based - ST-Credit Exposure Limit	ST	2.20	CARE A3+; ISSUER NOT COOPERATING *	1)CARE A3+ (05-Apr-24)	-	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities-** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Packing Credit in Indian rupee	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Credit Exposure Limit	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Kalpesh Ramanbhai Patel Director <b>CARE Ratings Limited</b> Phone: 079-40265611 E-mail: <a href="mailto:kalpesh.patel@careedge.in">kalpesh.patel@careedge.in</a>
<b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	Sajni Shah Assistant Director <b>CARE Ratings Limited</b> Phone: 079-40265636 E-mail: <a href="mailto:Sajni.Shah@careedge.in">Sajni.Shah@careedge.in</a>
	Jalpa Rughani Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:jalpa.rughani@careedge.in">jalpa.rughani@careedge.in</a>

### About us:

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### Disclaimer:

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