

## Balasure Alloys Limited

December 29, 2017

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	90.00	CARE BBB-; Credit watch with negative implications (Triple B Minus; Credit watch with negative implications)	Placed on credit watch with negative implications
Short-term Bank Facilities	95.30	CARE A3; Credit watch with negative implications (A Three; Credit watch with negative implications)	
<b>Total Facilities</b>	<b>185.30</b> <b>(Rs. One hundred eighty five crore and thirty lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

**CARE has placed the ratings of bank facilities of Balasure Alloys Ltd (BAL) on credit watch with negative implications. The rating action indicates that the ratings may be downgraded or reaffirmed.**

### Detailed Rationale & Key Rating Drivers

The rating action reflects uncertainty of outcome related to the ongoing investigation by Directorate of Enforcement ('ED') on the promoters of Balasure Alloys Ltd, who are being probed for defrauding the State Trading Corporation of Rs 2,112 crore under the Prevention of Money Laundering Act. The agency has attached part of the immovable properties/fixed assets worth Rs.244.89 crore of Balasure Alloys Ltd.

CARE will monitor the development in this regard and will take a view on the ratings once the exact implications of the above matter on the credit risk profile of BAL is clear.

### About the Company

Balasure Alloys Limited (BAL), incorporated in May, 1984, is a part of Kolkata-based Ispat group of companies promoted by Mr. M. L. Mittal. BAL commenced commercial operations in 1987 with production of ferro-chrome (FeCr). FeCr is mainly used in Stainless steel (SS) production. The manufacturing facilities of BAL are located in Balasure (Odisha) with an installed capacity of 1,40,751 MTPA and in Sukinda (Odisha) with an installed capacity of 15,660 MTPA for ferro chrome as on March 31, 2017. BAL has two chrome ore beneficiation plant, a chrome ore briquetting plant and a metal recovery plant.

BAL is one of the leading domestic producers and exporters of FeCr in India with its own captive chromite ore mine located at Sukinda valley (Jajpur) in Odisha which takes care of its entire chromite ore requirement.

During H1FY18 (refers to the period April 1 to September 30), the company has reported a PAT of Rs.45.52 crore (Rs. 16.92 crore in H1FY17) on a total operating income of Rs. 585.90 crore (Rs. 407.58 crore in H1FY17).

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	839.59	1012.51
PBILDT	83.95	179.65
PAT	18.69	89.52
Overall gearing (times)	0.59	0.49
Interest coverage (times)	2.66	4.57

*A: Audited*

**Status of non-cooperation with previous CRA:** Brickwork ratings have mentioned in its website that the ratings are not reviewed.

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Analyst Contact:**

Name: Mr. Ishan Marda

Tel: 033-4018 1604

Cell: 09831984640

Email: [ishan.marda@careratings.com](mailto:ishan.marda@careratings.com)

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	90.00	CARE BBB- (Under Credit watch with Negative Implications)
Non-fund-based - ST-BG/LC	-	-	-	95.30	CARE A3 (Under Credit watch with Negative Implications)

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)CARE BB+ (25-Nov-14)
2.	Fund-based - LT-Cash Credit	LT	90.00	CARE BBB- (Under Credit watch with Negative Implications)	1)CARE BBB-; Stable (25-Oct-17)	1)CARE BBB-; Stable (14-Feb-17) 2)CARE BBB-; Stable (19-Jan-17)	1)CARE BB (21-Dec-15)	1)CARE BB+ (25-Nov-14)
3.	Non-fund-based - ST-BG/LC	ST	95.30	CARE A3 (Under Credit watch with Negative Implications)	1)CARE A3 (25-Oct-17)	1)CARE A3 (14-Feb-17) 2)CARE A3 (19-Jan-17)	1)CARE A4 (21-Dec-15)	1)CARE A4+ (25-Nov-14)

**CONTACT****Head Office Mumbai**

**Ms. Meenal Sikchi**  
 Cell: + 91 98190 09839  
 E-mail: [meenal.sikchi@careratings.com](mailto:meenal.sikchi@careratings.com)

**Mr. Ankur Sachdeva**  
 Cell: + 91 98196 98985  
 E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)

**Ms. Rashmi Narvankar**  
 Cell: + 91 99675 70636  
 E-mail: [rashmi.narvankar@careratings.com](mailto:rashmi.narvankar@careratings.com)

**Mr. Saikat Roy**  
 Cell: + 91 98209 98779  
 E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)

**CARE Ratings Limited****(Formerly known as Credit Analysis & Research Ltd.)**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)

**AHMEDABAD**

**Mr. Deepak Prajapati**  
 32, Titanium, Prahaladnagar Corporate Road,  
 Satellite, Ahmedabad - 380 015  
 Cell: +91-9099028864  
 Tel: +91-79-4026 5656  
 E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)

**JAIPUR**

**Mr. Nikhil Soni**  
 304, Pashupati Akshat Heights, Plot No. D-91,  
 Madho Singh Road, Near Collectorate Circle,  
 Bani Park, Jaipur - 302 016.  
 Cell: +91 – 95490 33222  
 Tel: +91-141-402 0213 / 14  
 E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)

**BENGALURU**

**Mr. V Pradeep Kumar**  
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
 No. 30, M.G. Road, Bangalore - 560 001.  
 Cell: +91 98407 54521  
 Tel: +91-80-4115 0445, 4165 4529  
 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**KOLKATA**

**Ms. Priti Agarwal**  
 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
 10A, Shakespeare Sarani, Kolkata - 700 071.  
 Cell: +91-98319 67110  
 Tel: +91-33- 4018 1600  
 E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)

**CHANDIGARH**

**Mr. Anand Jha**  
 SCF No. 54-55,  
 First Floor, Phase 11,  
 Sector 65, Mohali - 160062  
 Chandigarh  
 Cell: +91 85111-53511/99251-42264  
 Tel: +91- 0172-490-4000/01  
 Email: [anand.jha@careratings.com](mailto:anand.jha@careratings.com)

**NEW DELHI**

**Ms. Swati Agrawal**  
 13th Floor, E-1 Block, Videocon Tower,  
 Jhandewalan Extension, New Delhi - 110 055.  
 Cell: +91-98117 45677  
 Tel: +91-11-4533 3200  
 E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)

**CHENNAI**

**Mr. V Pradeep Kumar**  
 Unit No. O-509/C, Spencer Plaza, 5th Floor,  
 No. 769, Anna Salai, Chennai - 600 002.  
 Cell: +91 98407 54521  
 Tel: +91-44-2849 7812 / 0811  
 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**PUNE**

**Mr. Pratim Banerjee**  
 9th Floor, Pride Kumar Senate,  
 Plot No. 970, Bhamburda, Senapati Bapat Road,  
 Shivaji Nagar, Pune - 411 015.  
 Cell: +91-98361 07331  
 Tel: +91-20- 4000 9000  
 E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

**COIMBATORE**

**Mr. V Pradeep Kumar**  
 T-3, 3rd Floor, Manchester Square  
 Puliakulam Road, Coimbatore - 641 037.  
 Tel: +91-422-4332399 / 4502399  
 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

CIN - L67190MH1993PLC071691

**HYDERABAD**

**Mr. Ramesh Bob**  
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
 Hyderabad - 500 029.  
 Cell : + 91 90520 00521  
 Tel: +91-40-4010 2030  
 E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)