



Press Release

Shree Balaji Alumnicast Private Limited

February 14, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	92.60	IVR BBB-/Positive (IVR Triple B Minus with Positive Outlook)	Assigned	Simple
Short Term Bank Facilities	115.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	207.60	Rupees Two Hundred Seven Crore and Sixty Lakhs Only		

Details of Facilities are in Annexure 1

Detailed Rationale

Informetrics Valuation and Rating Private Limited (IVR) has assigned long term rating of IVR BBB- with a Positive outlook and short-term rating of IVR A3 for the bank loan facilities of Shree Balaji Alumnicast Private Limited (SBAPL).

The rating draws comfort from the established track record of operations and experienced management, reputed clientele with low counterparty credit risk and satisfactory financial risk profile. However, these strengths are partially offset by moderate capital structure and decline in operating margins, working capital intensive nature of operations and susceptibility of profitability to raw material price volatility.

The 'Positive' outlook indicates expected improvement in overall risk profile in medium term. IVR believes SBAPL's will continue to benefit from its operational track record in the business, its reputed clientele and regular inflow of orders. The consumption of aluminium is poised to record an upward trajectory because of the inexorable process of economic growth and structural transformation.

IVR has principally relied on the standalone audited financial results of SBAPL upto 31 March 2023, 9MFY2024 unaudited results and projected financials for FY2024, FY2025 and FY2026, and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations and operating profitability margins above 4.25%.
- Improvement in debt protection metrics
- Sustenance of the overall gearing below 1.70x

Downward Factors

- Significant reduction in the scale of operations and profitability margins,
- Deterioration in debt protection metrics and overall gearing

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record of operations and experienced management:**
The company commenced its operations in 1995 and has a successful track record of around 29 years in the existing line of business. Overall activities of SBAPL are managed by two directors with Mr. Sunil Kumar Aggarwal being the Managing Director. He has experience of more than 3 decades in the aluminium ingot business. He is ably supported by other director namely, Mr. Nishant Jain who have effective experience in existing line of business as well as supported by qualified and well experienced management team.
- **Reputed clientele with low counterparty risk:**
The company is dealing with reputed clients namely Maruti Suzuki India Limited, Hero Moto Corp Limited, Alicon Cast Alloys Limited, RICO Auto Industries Limited, Rockman Industries Limited etc. The company has been associated with most of the key clients for a long time, and the successful execution of the orders has also helped it in getting repeat orders. Due to reputed client profiles, the company has low counterparty credit risk.
- **Satisfactory financial risk profile:**
The tangible networth improved to Rs. 72.21 crore in FY2023 from Rs. 64.53 crore in FY2022. The debt coverage indicators, the interest service coverage ratio (ISCR) and the debt service coverage ratio (DSCR) remained satisfactory at to 1.74x and 1.52x respectively in FY2023. The total operating income (TOI) improved by ~18.43% to Rs. 740.81 crore in FY2023 from Rs. 625.54 crore in FY2022. In 9MFY24, TOI remained constant at Rs. 560.92 crore as compared to Rs. 557.88 crore in 9MFY23.



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Key Rating Weaknesses

- **Moderate capital structure and decline operating margins:**
SBAPL capital structure remained moderate, as indicated by overall gearing of 2.05x in FY2023 as compared to 1.76x in FY2022. Total debt has increased to Rs.148.04 crore in FY2023 from Rs. 113.28 crore in FY2022 mainly due to increase in working capital term loan. The operating profitability margins declined to 3.77% in FY2023 from 4.07% in FY2022.
- **Working capital intensive nature of operations:**
SBAPL's operations are working capital intensive in nature, supported largely by bank borrowings. The average utilisation of fund based working capital limits of the company stood high around ~73.35% during the last 12 months ending 31st December 2023.
- **Susceptibility to cyclical and fluctuation in raw material prices:**
The main raw material for SBAPL is aluminium scrap, which it imports to some extent (40%), while the balance is sourced domestically (60%). Also, the raw material prices are linked to international commodity indices, which exposes it to the inherent volatility associated with aluminium prices. However, this risk of volatility in prices is partially mitigated by the company's long-standing relations and almost all of their customers are having system of price roll over on quarterly basis where delta of last quarter gets roll over in running quarter to ensure no hit in margins due to any volatility in prices of raw material. The company's business is susceptible to inherent cyclicity as the automotive industry, linked to the performance of the economy.

Analytical Approach: For arriving at the ratings, IVR has analysed SBAPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)
[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)
[Criteria for Assigning Rating Outlook](#)



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Liquidity – Adequate

The company has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 40.50 crore, as on 31st March 2023. Against a current portion of long-term debt (CPLTD) of Rs. 0.98 crore in FY2023, the company had a cash accrual of Rs. 9.70 crore in FY2023. The company projected to generate cash accruals of Rs. 11.98 crore in FY2024 against a CPLTD of Rs. 2.08 crore. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.

About the Company

Shree Balaji Alumnicast Private Limited (SBAPL) was incorporated in 1995 under the leadership of Mr. Sunil Aggarwal. The company initially started trading business of aluminium scrap and then as a backward integration it got engaged into manufacturing business by setting up unit at Dharuhera, Haryana. Since 2008 company is engaged in production of aluminium ingot (molten as well as in solid form) for original equipment manufacturer and automobiles players. They have 5 manufacturing units, two in Haryana (located at Dharuhera, and Binola) and one each at Ludhiana (Punjab), Hosur (Tamil Nadu) and Bangalore (Karnataka). The total production capacity of the company stood at 86,600 MT per annum.

Financials (Standalone):

(Rs. crore)		
For the year ended as on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	625.54	740.81
EBITDA	25.48	27.95
PAT	4.90	7.61
Total Debt	113.28	148.04
Tangible Networth	64.53	72.21
EBITDA Margin (%)	4.07	3.77
PAT Margin (%)	0.78	1.03
Overall Gearing Ratio (x)	1.76	2.05

Status of non-cooperation with previous CRA: It is under ISSUER NON-COOPERATING category with Brickwork Ratings via press release dated 21st July 2023 due to lack of submission of information for rating.

Any other information: Not Applicable



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Rating History for last three years:

Sr. No.	Type of Instrument/Facility	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Tenure	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.	Fund Based	Long Term	92.60	IVR BBB-/Positive (Assigned)	-	-	-
2.	Fund Based	Short Term	40.00	IVR A3 (Assigned)	-	-	-
3.	Non-Fund Based	Short Term	75.00	IVR A3 (Assigned)	-	-	-

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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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
Cash Credit	-	-	-	50.00	IVR BBB-/Positive
Term Loan-GECL	-	-	February 2026	3.07	IVR BBB-/Positive
Term Loan-GECL	-	-	September 2027	0.66	IVR BBB-/Positive
Term Loan-GECL	-	-	September 2028	5.87	IVR BBB-/Positive
Term Loan-GECL	-	-	March 2030	27.00	IVR BBB-/Positive
Term Loan-GECL	-	-	December 2030	6.00	IVR BBB-/Positive
Bill Discounting	-	-	-	40.00	IVR A3
Letter of Credit	-	-	-	75.00	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Nil

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Balaji-Alumicast-feb24.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 [Complexity Level of Rated Instruments/Facilities](#).