



Press Release

Shree Balaji Alumnicast Private Limited

March 27, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facility	83.69 (reduced from 92.60)	IVR BBB; Stable (IVR Triple B with Stable Outlook)	IVR BBB-; Positive (IVR Triple B minus with Positive outlook)	Rating upgraded and Outlook revised	Simple
Short Term Bank Facility	115.00	IVR A3+ (IVR A three plus)	IVR A3 (IVR A three)	Rating upgraded and Outlook revised	Simple
Total	198.69 (Rupees one hundred ninety-eight crore and sixty-nine lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The upgrade in the ratings assigned to the bank facilities of Shree Balaji Alumnicast Private Limited (SBAPL) continues to derive strength from established track record of operations & experienced management of the company, reputed clientele with low counterparty risk, stable business performance albeit low profit margins and satisfactory capital structure with satisfactory debt protection metrics. However, these rating strengths are partially offset by susceptibility of profitability to raw material price volatility, exposure to foreign exchange fluctuation, working capital intensive nature of its operations and exposure to inherent cyclicity of the metal industry.

The outlook is revised from Positive to Stable as Infomerics Ratings believe that the business performance of SBAPL's will continue to benefit from its long operational track record with reputed clientele and regular inflow of orders.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and debt protection metrics on a sustained basis



Press Release

- Sustained improvement in the capital structure with improvement in overall gearing to below 1.5x
- Effective working capital management with improvement in operating cycle leading to improvement in liquidity

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis
- Deterioration in the capital structure with moderation in overall gearing to above 1.5x and dip in interest coverage to below 1.5x
- Elongation in operating cycle impacting the liquidity

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 30 years in the aluminium industry. Overall activities of SBAPL are managed by two directors. Mr. Sunil Kumar Aggarwal is the Managing Director having an experience of more than three 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 although at times. Further, the company is one of the few manufacturers of liquid aluminium in the country. Presently, the company caters ~60% of its revenue from liquid aluminium (Procured by automotive companies).

- **Stable business performance, albeit low profit margins**



Press Release

The business performance of the company continues to remain stable with a marginal moderation in its topline. The total operating income (TOI) of the company moderated by ~5.53% in FY24 [FY refers to the period from April 1 to March 31] to Rs.699.83 crore from Rs.740.81 crore in FY23 due to decline in sales volume account of a planned maintenance break in September'23. However, notwithstanding the dip in TOI, the EBITDA margin improved from 3.77% in FY23 to 3.87% in FY24 underpinned by decline in cost of production. Moreover, the PAT Margin has also improved though continues to remain thin at 1.05% in FY24 (1.03% in FY23). Aided by improved PAT margin, net cash accruals of the company have also witnessed improved from Rs.9.70 crore in FY23 to Rs.9.89 crore in FY24. The company has registered a topline of ~Rs.740.00 crore till first week of March 2025.

- **Satisfactory capital structure with satisfactory debt protection metrics**

The debt profile of the company mainly consists of term loans/GECL and working capital limits including cash credit, letter of credit and bill discounting. The tangible net worth (including unsecured loan treated as quasi equity of Rs.7.24 crore) adjusted for investment in 100% owned subsidiary and long pending debtors stood at Rs.77.79 crore as on March 31, 2024. The capital structure of the company indicated by its debt equity ratio and overall gearing ratio improved to 0.48x and 1.86x respectively as on March 31, 2024 (0.60x and 2.19x respectively as on March 31, 2023) on the back of repayment of term loans and accretion of profit to net worth. Further, the total indebtedness marked by TOL/TNW also improved to 2.06x as on March 31, 2024 from 2.37x as on March 31, 2023. Despite decline in absolute EBITDA, the debt protection metrics as indicated by interest coverage ratio improved to 1.86x in FY24 (1.74x in FY 23) aided by decrease in interest cost. However, due to decline in absolute EBITDA, Total debt to EBITDA has moderated to 5.35x as on March 31, 2024 (5.30x as on March 31, 2023). However, Total debt to NCA has improved to 14.63x as on March 31, 2024 (15.25x as on March 31, 2023) on the back of improvement in cash accruals.

Key Rating Weaknesses

- **Susceptibility of profitability to raw material price volatility**

The main raw material for SBAPL is aluminium scrap, which the company 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



Press Release

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 which is in turn linked to the performance of the economy.

- **Exposure to foreign exchange fluctuation**

The company imports around 40% of its raw material requirement. It has a hedging strategy in place with ~75% of transactions are being hedged and remaining ~25% are unhedged. If the market dynamics are too much volatile, then 100% hedging is done by the company. According to the UFCE Certificate, the unhedged exposure as on 31st December 2024 stood at Rs. 20.85 crore.

- **Working capital intensive nature of operations**

The operating cycle of the company moderated in FY24 to 87 days (76 days in FY23) due to increase in inventory holding period and collection period. The current ratio and quick ratio stood satisfactory at 1.71x and 0.95x, respectively as on March 31, 2024. The average utilisation fund based stood moderate at ~82% during the past 12 month's period ended January 2025.

- **Exposure to inherent cyclicity of the metal industry**

The metal industry is cyclical in nature and the company is also exposed to the same.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate in the near term marked by its expected adequate gross cash accruals in the range of ~Rs.13.61--Rs.23.45 crore as



Press Release

against its debt obligation of Rs.3.73 - Rs.9.83 crore during FY25-27. The company had earned a cash accrual of Rs.9.89 crore in FY24. The current ratio also stood satisfactory at 1.71x as on March 31, 2024. Further, the average working capital utilisation remained moderate at ~82% during the past 12 month's period ended January 2025, which imparts moderate liquidity buffer.

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 of aluminium scrap and gradually got engaged into manufacturing business by setting up manufacturing unit at Dharuhera, Haryana. Since 2008 company is engaged in production of aluminium ingot (molten-liquid aluminium as well as in solid form) for original equipment manufacturer and automobiles players. SBAPL has five 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*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	740.81	699.83
EBITDA	27.95	27.07
PAT	7.61	7.31
Total Debt	148.04	144.74
Tangible Net worth	64.96	72.33
Adjusted Tangible Net worth	67.71	77.79
EBITDA Margin (%)	3.77	3.87
PAT Margin (%)	1.03	1.05
Overall Gearing Ratio	2.19	1.86
Interest Coverage (x)	1.74	1.86

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: The ratings of Shree Balaji Alumnicast Private Limited continues to remain under Issuer Not Cooperating category by ACUITE Ratings as per Press Release dated July 05, 2024, due to unavailability of information.

Any other information: Nil

Rating History for last three years:



Press Release

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					February 14, 2024	-	-
1.	Term Loan/GECL	Long Term	33.69	IVR BBB; Stable	IVR BBB-; Positive	-	-
2.	Cash Credit	Long Term	50.00	IVR BBB; Stable	IVR BBB-; Positive	-	-
3.	Letter of Credit	Short Term	75.00	IVR A3+	IVR A3		
4.	Bill Discounting	Short Term	40.00	IVR A3+	IVR A3		

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About Infomerics:

Infomerics Valuation and Rating Ltd (Formerly Infomerics Valuation & Rating Pvt. 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.

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Press Release

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan/GECL	-	-	-	March'30	33.69	IVR BBB; Stable
Cash Credit	-	-	-	-	50.00	IVR BBB; Stable
Letter of Credit	-	-	-	-	75.00	IVR A3+
Bill Discounting	-	-	-	-	40.00	IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-SBAPL-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: 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.