

Press Release

Brand Alloys Private Limited

June 28, 2021



Rating Update

Total Bank Facilities Rated*	Rs.35.00 Cr.
Long Term Rating	ACUITE D (Downgraded and Indicative)
Short Term Rating	ACUITE D (Downgraded and Indicative)

* Refer Annexure for details

Rating Rationale

ACUITE has downgraded the long term rating of '**ACUITE D**' (**read as ACUITE D**) and short term rating of '**ACUITE D**' (**read as ACUITE D**) on the Rs 35.00 crore bank facilities of Brand Alloys Private Limited (BAPL). This rating is now an indicative rating and is based on best available information.

The downgrade is on account of delay in the servicing of term debt for the month of May 2021 due to liquidity mismatch. The liquidity mismatch is primarily due to delay in collection from the debtors.

About the rated entity

Incorporated in 1994, Brand Alloys Private Limited (BAPL) is a Kolkata based company having its manufacturing unit in Serampore, West Bengal. The company is engaged in manufacturing of TMT rebars, railway components and bogies. Further, BAPL is into an agreement with Tata Steel Limited for conversion of billets into TMT Rebar from last 10 years. Currently, the company is being managed by Mr. Vikas Bansal, Mr. Satpal Bansal and Mr. Markanda Samanta. The raw materials, diesel, coal and railway components are procured locally from companies based out of Kolkata. The company also caters to the local customers in Kolkata. Presently, the installed capacity for TMT rebars is 60,000 MTPA and for railways components, installed capacity stood at 10,000 MTPA.

About the group Company

Incorporated in 1996, Haldia Steel Private Limited is a Kolkata based company having its manufacturing unit in Durgapur, West Bengal. The company is engaged in manufacturing of ferroalloys, sponge iron and billets with the installed capacity of 120,000 MTPA for Sponge Iron, Steel Billets for 60,000 MTPA and Ferro alloys for 12,000 MTPA. Currently, the company is managed by Mr. Vikas Bansal, Mr. Satpal Bansal and Mr. Markanda Samanta. The company procures manganese ore, iron ore pallets, dolomite and coal locally and sells steel billets and ferro alloys to its customers based in Kolkata.

Analytical Approach

The team has taken a consolidated view on financials of the Haldia Steel Private Limited and Brand Alloys Private Limited, while arriving at the rating. This is because both the entities are in the same line of business, common management and financial linkages in terms of corporate guarantee (Haldia Steel Private Limited has given to Brand Alloys Private Limited). The group is herein referred to as Haldia Steel Group. Extent of consolidation: Full.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

List of key rating drivers and their detailed description

Weaknesses

Delay in debt servicing

There has been delay in the servicing of term debt for the month of May'21 due to liquidity mismatch. The liquidity mismatch is primarily due to delay in collection from the debtors.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Liquidity Indicators - "No information provided by the issuer / available for Acuite to comment upon."

Rating Sensitivity - "No information provided by the issuer / available for Acuite to comment upon."

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-60.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
09-Mar-2021	Cash Credit	Long Term	14.25	ACUITE BB- (Downgrade from ACUITE BB/Stable) Issuer not co-operating*
	Term Loan	Long Term	11.50	ACUITE BB- (Downgrade from ACUITE BB/Stable) Issuer not co-operating*
	Proposed bank facility	Short Term	4.25	ACUITE A4+ Issuer not co-operating
	Letter of credit	Short Term	5.00	ACUITE A4+ Issuer not co-operating
23-Dec-2019	Cash Credit	Long Term	14.25	ACUITE BB/Stable (Reaffirmed)
	Term Loan	Long Term	11.50	ACUITE BB/Stable (Reaffirmed)
	Proposed bank facility	Short Term	4.25	ACUITE A4+ (Reaffirmed)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
6-Dec-2019	Letter of credit	Short Term	5.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	14.25	ACUITE BB/Stable (Reaffirmed)
	Term Loan	Long Term	11.50	ACUITE BB/Stable (Assigned)
	Proposed bank facility	Short Term	4.25	ACUITE A4+ (Assigned)
	Letter of credit	Short Term	5.00	ACUITE A4+ (Assigned)

*The issuer did not co-operate; Based on best available information.

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.25	ACUITE D (Downgraded and Indicative)
Term Loan	Not available	Not available	Not available	11.50	ACUITE D (Downgraded and Indicative)
Proposed bank facility	Not Applicable	Not Applicable	Not Applicable	4.25	ACUITE D (Downgraded and Indicative)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE D (Downgraded and Indicative)

Contacts

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About Acuité Ratings & Research:

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