Balasore Alloys Limited
November 26, 2025

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Proposed Long Term Bank Facility	130.00	IVR BB/ Stable (IVR Double B with Stable Outlook)	-	Rating assigned	Simple
Proposed Short Term Bank Facility	115.00	IVR A4 (IVR A Four)	-	Rating assigned	Simple
Total	**245.00 (Rs. Two hundred forty-five crore 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 ratings assigned to the proposed bank facilities of Balasore Alloys Limited (BAL)derives comfort from long track record of operations coupled with experienced management, improvement in profit during FY25 (refers to the period April 01, 2024 to March 31, 2025) and during 5MFY26 (refers to the period April 01, 2024 to August 31, 2025), favourable location of captive chrome mines, and strong coverage indicators. These rating strengths are partially offset by moderate capital structure, intense competition along with cyclicality in the chrome industry, qualified opinion and emphasis of matter in Auditor's report, and history of delays in debt servicing obligations.

The long-term rating outlook is Stable on the back of favourable demand in the overall industry coupled with stable financial risk profile.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income, operating margin and cash accrual
- Sustenance of the capital structure with improvement in debt protection metrics on a sustained basis

Downward Factors

- More than expected moderation in the scale of operations and/or deterioration in profit margin impacting the liquidity and debt coverage indicators.
- Stretch in the working capital cycle driven by stretch in receivables

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of operations coupled with experienced management

BAL benefits from the extensive experience of its promoters, the Mittal family, who have been active in the steel and ferro alloys industry for over three decades. The Ispat Group, founded by Mr. M. L. Mittal in 1981, began with steel trading and later expanded into ferro alloys production through BAL, which commenced operations in 1987. This long-standing industry presence has enabled the promoters to build deep operational expertise, contributing to the company's sustained growth and competitive positioning. Moreover, the promoters are supported by well qualified and experienced management.

Improvement in profit during FY25 and during 5MFY26

The company's profits have improved during FY25. Although TOI declined by 13.48% y-o-y to Rs. 971.48 crore, the company reported EBITDA profit of Rs. 98.55 crore compared with EBITDA loss of Rs 122.73 crore in FY24 (refers to the period April 01, 2023 to March 31, 2024). This reversal was due to decline in raw material price due to captive usage of raw material, that is chrome ore as its mines became operational in Feb 2024. Consequently, the company also reported net profit of Rs. 53.91 crore in FY25 compared to a net loss of Rs. 9.27 crore during FY24, supported by reduced finance costs. The company also benefited from non-operating income of Rs. 38.53 crore in FY25 (unspent liabilities of Rs. 30.42 crore no longer required written back) which supplemented profits. Further, TOI increased ~44% y-o-y to Rs. 536.32 crore during 5MFY26. However, PAT witnessed decline of ~31% y-o-y to Rs. 17.22 during 5MFY26, due to notional forex fluctuation loss during 5MFY26. Going forward a sustained increase in topline and profit leading to healthy cash accrual will be a key rating factor.

Favourable location of captive chrome mines

The company benefits from the strategically favourable location of its captive chrome-ore mines in the Sukinda Valley, one of India's most resource-rich chromite belts. Their proximity to BAL's ferro-chrome manufacturing units significantly reduces logistics costs, ensures timely availability of high-grade ore, and strengthens operating efficiencies. This secure and consistent access to a critical raw material not only insulates the company from market-driven supply volatility but also enhances cost competitiveness and long-term sustainability of operations. As a result, the captive mines serve as a structural strength, supporting stable production, better margin visibility, and improved business risk profile.

Strong coverage indicators

The debt coverage metrics remained healthy with an interest cover of 6.62 times (P.Y. -5.27 times) and DSCR of 6.88 times (P.Y. -0.11 times) during FY25. Going forward, the coverage indicator profile is likely to remain comfortable.

Key Rating Weaknesses

Moderate capital structure

As on 31st March 2025, adjusted tangible net worth (adjusted for long pending debtors and advances of Rs. 87.40 crore) was Rs. 397.09 crore compared with Rs. 330.01 crore as on 31st March 2024. Total debt remained elevated at Rs. 600.01 crore as on 31st March 2025 compared to Rs. 575.66 crore as on 31st March 2024, primarily comprising unsecured long-term borrowings (Rs. 552.77 crore) with limited reliance on short-term borrowings (Rs. 26.39 crore), indicating dependence on promoter/group funding support. Leverage improved marginally, with adjusted overall gearing at 1.51x as on 31st March 2025 as against 1.74x as on 31st March 2024, similarly, TOL/ATNW improved to 3.20x as on 31st March 2025 from 3.96x as on 31st March 2024, on account of improvement in adjusted tangible net worth through healthy accretion of profits during FY25.

Intense competition along with cyclicality in the chrome industry

Intense competition along with cyclicality in the chrome industry exposes BAL to significant business risks, as the highly fragmented market limits pricing power and forces companies to operate on thin margins, while the industry's dependence on stainless steel demand makes it vulnerable to global economic cycles; during downturns, ferro chrome prices fall sharply, leading to revenue volatility and pressure on profitability, which can strain liquidity and debt servicing capacity for the company.

Qualified opinion and emphasis of matter in Auditor's report

The auditor's qualified opinion for FY25, along with several emphasis-of-matter points, underscores weaknesses in BAL's financial reporting and governance practices. The qualification relates to the unascertained interest on USD 64.58 million of ECB-linked promoter borrowings pending RBI approval, limiting visibility on the company's true financial obligations. Additional observations on long-pending receivables and advances, delayed settlement of sizeable capital advances for the underground mining project, and the continued suspension/delisting of the company's securities highlight uncertainties around recoverability, project execution, and compliance. While management expects resolution, the persistence of these issues diminishes the reliability of the financial statements and elevates the company's overall credit and operational risk.

History of delays in debt servicing obligations

The company has a history of delays in meeting its debt-servicing obligations, particularly in servicing interest on ICDs, which reflects past liquidity pressures and weak cash-flow discipline. Although repayments have been regular since June 1, 2024, the earlier delays indicate vulnerability to cash-flow mismatches. Sustained timely servicing over a longer period, supported by stable operations and improved internal cash generation, will be critical to materially strengthening the company's repayment track record and overall creditworthiness.

Analytical Approach: Consolidated

For the purpose of rating, we have considered consolidated financial statements of BAL which includes its subsidiaries - Milton Holdings Limited, Balasore Metals Pte Limited, and Balasore

Alloys Nigeria Limited and its associate - Balasore Energy Limited. This is because these companies, are under control of same promoters and have financial linkages.

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 to medium term with sufficient accruals and no term debt repayment for the period FY26-FY28.

About the Company

Balasore Alloys Limited, part of the Ispat Group promoted by the Mittal family, is a leading ferro-alloys producer incorporated in 1984 in Odisha. The company operates a 1,60,000 MTPA plant at Balasore and a 15,660 MTPA unit at Sukinda, with multiple furnaces that provide strong flexibility in product mix. A major competitive advantage is its captive chromite ore mine in the Sukinda Valley, holding around 41 million tonnes of reserves with a lease valid till 2050, ensuring stable and cost-effective raw material supply.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	1122.90	971.48
EBITDA	-122.73	98.55
PAT	-9.27	53.91
Total Debt	575.66	600.01
Adjusted Tangible Net Worth	330.01	397.09
EBITDA Margin (%)	-10.93	10.14
PAT Margin (%)	-0.77	5.34
Adjusted Overall Gearing Ratio (x)	1.74	1.51
Interest Coverage (x)	-5.27	6.62

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
1.	Proposed Cash Credit	Long Term	130.00	IVR BB/ Stable	-	-	-
2.	Proposed Letter of Credit	Short Term	115.00	IVR A4	-	-	-

Analytical Contacts:

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About Infomerics:

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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
Proposed Cash Credit	-	-	-	-	130.00	IVR BB/ Stable
Proposed Letter of Credit	-	-	-	-	115.00	IVR A4

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/LEN_Balasore_Alloys_Limited26_Nov25_303e10b5e9.pdf

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

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

Name of the company	Relationship	Shareholding as on 31st March 2025	Consolidation Approach
Milton Holdings Limited	Subsidiary	100%	Full Consolidation
Balasore Metals Pte Limited	Subsidiary	100%	Full Consolidation
Balasore Alloys Nigeria Limited	Subsidiary	100%	Full Consolidation
Balasore Energy Limited	Associate	34%	Full Consolidation

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.