

August 31, 2010

CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATINGS TO THE BANK FACILITIES OF CORPORATE ISPAT ALLOYS LTD.

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	650.35	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	81.00	'PR3' (PR Three)	Assigned
Long-term/ Short term bank facilities	51.00	'CARE BBB-' (Triple B Minus)/ 'PR3' (PR Three)	Assigned
Long term loan from financial institution	2.75	'CARE BBB-' (Triple B Minus)	Assigned
Total Facilities	785.10		

Rating rationale

The ratings draw strength from the considerable experience of the promoter group, long track record of the company and backward integration due to having allotment of coal mines & captive power unit. The rating is however constrained by volatility in raw material prices, large size of the project & risk of implementation, high raw material holding period, high overall gearing ratio and cyclical nature in the steel industry. Successful implementation of the projects, future trend in key raw material prices and the outlook of the steel industry are the key rating sensitivities.

Company Profile

Corporate Ispat Alloys Ltd. (CIAL), incorporated in July, 1984 and belonging to Abhijeet group of Nagpur, is currently engaged in manufacturing of ferro-alloys (capacity 58350 TPA), Hot Rolled Cold (HRC) steel (4,00,000 tpa), C.I. scrap processing (1,00,000 tpa) and generation of power (25 MW).

Out of total income of Rs.260.6 crore (P.Y Rs.314.1 crore), CIAL earned a PAT of Rs.13.0 crore (P.Y. Rs.33.3 crore) in FY09.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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 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.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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