

March 31, 2022

Ferro Alloys Corporation Limited: Ratings Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based Bank Facility (Cash Credit)	37.29	37.29	[ICRAD; ISSUER NOT COOPERATING; Withdrawn
Long-term Unallocated Limits	21.03	21.03	[ICRAD; ISSUER NOT COOPERATING; Withdrawn
Short-term Non-fund Based Bank Facility (Letter of Credit)	51.57	51.57	[ICRAD; ISSUER NOT COOPERATING; Withdrawn
Total	109.89	109.89	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Ferro Alloys Corporation Limited at the request of the company and based on confirmation received from the Statutory Auditors to the rated obligations have been repaid fully. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities, Key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy on Withdrawal of Credit Ratings Corporate Credit Rating Methodology Policy in respect of non-cooperPatIon by a rated entity Policy on Default Recognition
Parent/Group Support	Not applicable
Consolidation/Standalone	Standalone

About the company

Ferro Alloys Corporation Limited was incorporated in 1957 by Mr. Uma Shankar Agarwal and the Saraf family. The company's performance was satisfactory till early 1990s. However, certain factors, such as debt-funded capital expenditure on dieselgenerator (DG) based power plants, adverse foreign exchange fluctuations and decline in ferrochrome realisations, affected the company's ability to repay the debt on its books. Subsequently, as a part of a restructuring scheme approved by all the lenders, FACOR was trifurcated into three separate companies, namely FACOR, Facor Alloys Limited (FAL) and Facor Steels Limited (FSL), w.e.f. April 1, 2004 based on division of operations and manufacturing facilities.

FACOR was admitted under Corporate Insolvency Resolution Process in terms of the Insolvency and Bankruptcy Code, 2016 (IBC) and the insolvency proceedings were commenced against FACOR pursuant to the order dated July 06, 2017 and March 04, 2019 of the Hon'ble NCLT, Kolkata. NCLT Cuttack, vide its order dated January 30, 2020 under Section 31(1) of the IBC, approved the Resolution Plan submitted by Vedanta group for FACOR under the corporate insolvency resolution process filed by REC Limited. Pursuant to the order, Vedanta group now holds 100% of the paid-up share capital of the company.

FACOR manufactures high-carbon ferro-chrome in its unit located at Randia, Odisha. The unit has an installed capacity of 72,000 tonne per annum (TPA). It also has two operational captive chrome ore mines in Odisha. The mined chrome ore is primarily used to meet its own raw material requirements. FACOR also owns a 100-MW power plant through its subsidiary, FPL, located adjacent to its ferro-chrome manufacturing unit.

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years				
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating in		Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019
				March 31,2022	January 25, 2022	November 30, 2020	August 17,2020	May 31, 2019	-
1 Cash Credit	Long Term	37.29	-	[ICRA] D; ISSUER NOT COOPERATING Withdrawn	[ICRA] D; ISSUER NOT COOPERATING	[ICRA] D; ISSUER NOT COOPERATING	[ICRA] D; ISSUER NOT COOPERATING	[ICRA]D	-
2 Unallocated Limits	Long Term	21.03	-	[ICRA] D; ISSUER NOT COOPERATING Withdrawn	[ICRA] D; ISSUER NOT COOPERATING	[ICRA] D; ISSUER NOT COOPERATING	[ICRA] D; ISSUER NOT COOPERATING	[ICRA]D	-
3 Letter of Credit	Short Term	51.57	-	[ICRA] D; ISSUER NOT COOPERATING Withdrawn	[ICRA] D; ISSUER NOT COOPERATING	[ICRA] D; ISSUER NOT COOPERATING	[ICRA] D; ISSUER NOT COOPERATING	[ICRA]D	-

Amount in Rs. crore

Complexity level of the rated instrument

Instrument	Complexity Indicator
Cash Credit	Simple
Unallocated	Not Applicable
Non-Fund Based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	37.29	[ICRA]D; ISSUER NOT COOPERATING Withdrawn
NA	Unallocated	-	-	-	21.03	[ICRA]D; ISSUER NOT COOPERATING Withdrawn
NA	Non-Fund Based	-	-	-	51.57	[ICRA]D; ISSUER NOT COOPERATING Withdrawn

Source: Ferro Alloys Corporation Limited

Annexure-2: List of entities considered for consolidated analysis: Not applicable

ANALYST CONTACTS

Jayanta Roy
+91 033 7150 1100
jayanta@icraindia.com

Subhechha Banerjee
+91 33 7150 1130
subhechha.banerjee@icraindia.com

Naman Bhansari
+079-4027 1555
naman.bhansari@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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