



## Rohit Ferro Tech Limited

Instruments	Amount Rated (Rs. crore)	Rating action
Term loans	901.63	Downgraded to [ICRA]B <sup>@</sup> from [ICRA]B+
Working capital term loans	506.16	Downgraded to [ICRA]B <sup>@</sup> from [ICRA]B+
Fund based limits	751.37	Downgraded to [ICRA]B <sup>@</sup> from [ICRA]B+
Non-fund based limits	352.63	[ICRA]A4 <sup>@</sup> reaffirmed

<sup>@</sup> Under rating watch with negative implications

ICRA has revised the long term rating assigned to the Rs. 901.63 crore\* term loans, Rs. 506.16 crore working capital term loans and Rs. 751.37 crore fund based limits of Rohit Ferro Tech Limited (RFTL) to **[ICRA]B** (pronounced ICRA B) from [ICRA]B+ (pronounced ICRA B plus)<sup>†</sup>. ICRA has also reaffirmed the short term rating of **[ICRA]A4** (pronounced ICRA A four) assigned to the Rs. 352.63 crore non-fund based limits of RFTL. The ratings have also been placed under **rating watch** with negative implications.

The rating action follows continued deterioration in the financial metrics of the company in 2014-15, as reflected by an increased operating loss, higher gearing level and stretched liquidity position. Additionally, the company has recently suspended operations at its Haldia plant because of an adverse cost structure, primarily driven by high electricity costs. The Haldia plant has a capacity of around 1 lakh MT (37% of RFTL's total capacity), and thus closure of the same is expected to have a significant impact on revenue visibility. While ICRA notes that RFTL remains under the purview of a corporate debt restructuring (CDR) programme at present, and its payments to banks have been regular thus far, debt repayments on term loans commence from December, 2015, which together with the closure of operations at Haldia, may lead to increased liquidity pressures going forward. Additionally, ICRA also notes that the company is seeking to sell its Jajpur plant, and had in fact entered into a business transfer agreement with Balasore Alloys Ltd. for the same, although the sale is yet to be finalized. The Jajpur plant has a capacity of 1.03 lakh MT (37% of RFTL's total capacity). The ratings also continue to factor in RFTL's non-integrated nature of operations, which exposes its margins and cashflows to variability in the ferro alloy and raw material prices. The ratings, however, also continue to take note of the experience of the promoters of the company in the steel and ferro alloys businesses.

### Company Profile

RFTL is promoted by the SKP group based out of Kolkata, West Bengal. It commenced its Ferro-alloy manufacturing facility at Bishnupur Industrial complex of WBIDC in 2003, initially with two number 7.5 MVA furnaces. Over the years, the company has established additional capacities of three numbers of 9 MVA furnaces in the same complex. In FY 2008, RFTL expanded its operations into Odisha by setting up four 16.5 MVA furnaces in Jajpur. Additionally, it commissioned six 9 MVA furnaces in Haldia in West Bengal, which is a 100% EOU for exporting Ferro Alloys from the country. The total manufacturing facility of the company as on date is of 162 MVA.

### Recent results

RFTL recorded a net loss of Rs. 352.82 crore on an operating income of Rs. 1875.42 in FY2015. During FY2014, the company had registered a net loss of Rs. 228.6 crore on an operating income of Rs. 2486.68 crore.

**July, 2015**

\* 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



*For further details please contact:*

*Analyst Contacts:*

**Mr. Jayanta Roy**, (Tel. No. +91-33-22876617 / 22800008)

[jayanta@icraindia.com](mailto:jayanta@icraindia.com)

*Relationship Contacts:*

**Mr. Jayanta Chatterjee** (Tel. No. +91 33 7150 1100)

[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

1802, 18th Floor, Tower 3,  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone, Mumbai 400013,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: 989986490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-  
79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: 989986490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills  
Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500