

July 25, 2019

Focus Energy Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term fund based limits-Term loans	160.13	160.13	[ICRA]BB (Negative); Withdrawn
Long term fund based limits	78.00	78.00	[ICRA]BB (Negative); Withdrawn
Short term non-fund based limits	93.00	93.00	[ICRA]A4+; Withdrawn
Total	331.13	331.13	

*Instrument details are provided in Annexure-1

Rating action

ICRA has withdrawn the long-term rating of [ICRA]BB (pronounced ICRA double B) with a Negative outlook and short-term rating of [ICRA]A4+ assigned to the Rs 331.13 crore bank facilities of Focus Energy Limited.

Rationale

The ratings assigned to the bank facilities of Focus Energy Limited have been withdrawn at the request of the company and based on no objection certificate (NOC) provided by the lenders. Withdrawal of rating is in line with ICRA's withdrawal policy.

Outlook: Negative

Key rating drivers

Not Applicable

Analytical Approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Indus Gas Limited (an affiliate company) ICRA expects Focus Energy Limited's affiliate company, Indus Gas Limited, to extend financial support to Focus Energy Limited, given the high strategic importance of the company to the group. Earlier the ratings factored in support from other group entities, however now Indus Gas Limited is expected to extend financial support to the company as guided by the management.
Consolidation / Standalone	For arriving at the ratings, ICRA has considered the standalone financials of Focus Energy Limited.

About the company:

Focus Energy Limited (earlier known as Phoenix Overseas Limited) was earlier involved in exports of shoes and commodities to Russia. The shoe operations of the company have reduced significantly and currently the company is active mainly in the field of oil & gas exploration and production. The company has stakes in three blocks in India viz. RJ-ON/6, RJ-ON/2010/2 and CB-OSN-2004/1. Focus has 7% participating interest in SGL field of RJ-ON/6 block, which has discovered gas reserves. Indus Gas, a group company of Focus Energy, is listed on Alternate Investment Market (AIM), London Stock Exchange and has 63% stake in SGL field of RJ-ON/6 block through its wholly owned subsidiaries.

Key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	77.3	72.8
PAT (Rs. crore)	0.9	1.0
OPBDIT/OI (%)	53.2%	57.4%
RoCE (%)	0.3%	0.5%
Total Debt/TNW (times)	4.7	4.8
Total Debt excluding promoters debt/TNW (times)	1.9	1.8
Total Debt/OPBDIT (times)	16.5	16.8
Total Debt excluding promoters debt /OPBDIT (times)	6.9	6.3
Interest coverage (times)	-	-

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Instrument	Type	Current Rating (FY2020)		Date & Rating July 2019	Chronology of Rating History for the Past 3 Years		
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)		Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
1 Fund based limits-Term loans	Long term	160.13	160.13	[ICRA]BB (Negative); withdrawn	[ICRA]BB (Negative) Dec 2018	[ICRA]BBB- (Stable) Aug, 2017	[ICRA]BBB+ (Stable) suspended Dec, 2016
2 Fund based limits	Long term	78.00	78.00	[ICRA]BB (Negative); withdrawn	[ICRA]BB (Negative) Dec 2018	[ICRA]BBB- (Stable) Aug, 2017	[ICRA]BBB+ (Stable) suspended Dec, 2016
3 Non-fund based limits	Short term	93.00	93.00	[ICRA]A4+; withdrawn	[ICRA]A4+ Dec 2018	[ICRA]A3 Aug, 2017	[ICRA]A2 suspended Dec, 2016

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the 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
-	Long term fund based limits-Term Loan 1	Feb 12, 2010	3M Libor+4.5%	May 30, 2021	36.19	[ICRA]BB(Negative); withdrawn
-	Long term fund based limits-Term Loan 2	Mar 15, 2016	3M Libor+4.1%	Jan 25, 2025	61.97	[ICRA]BB(Negative); withdrawn
-	Long term fund based limits-Term Loan 3	Apr 5, 2016	3M Libor+4.1%	Jan 25, 2025	61.97	[ICRA]BB(Negative); withdrawn
-	Long term fund based limits	-	-	-	78.00	[ICRA]BB(Negative); withdrawn
-	Short term non-fund based limits	-	-	-	93.00	[ICRA]A4+; withdrawn

ANALYST CONTACTS

K Ravichandran

+91 44 4596 4301
ravichandran@icraindia.com

Prashant Vasisht

+91 124 4545 322
prashant.vasisht@icraindia.com

Mohit Lohia

+91 124 4545 814
mohit.lohia@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

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2019 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents