

Rohit Ferro- Tech Limited

Instruments	Amount Rated (Rs. In Crore)	Rating action
Term loans	901.63	Downgraded to [ICRA]D from [ICRA]B@
Working capital term loans	506.16	Downgraded to [ICRA]D from [ICRA]B@
Fund based limits	751.37	Downgraded to [ICRA]D from [ICRA]B@
Non-fund based limits	352.63	Downgraded to [ICRA]D from [ICRA]A4@

@ under rating watch with negative implications

ICRA has revised downwards 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) from [ICRA]B (pronounced ICRA B)[†] to [ICRA]D (pronounced ICRA D). ICRA has also revised the short term rating assigned to the Rs. 352.63 crore non-fund based limits of RFTL from [ICRA]A4 (pronounced ICRA A four) to [ICRA]D (pronounced ICRA D).

The revision in the ratings take into account the multiple instances of devolvement of Letter of credit (L/C) facility which have remained uncorrected for a period more than 30 consecutive days. ICRA notes that this is as a result of the adverse financial metrics of the company, given the continued loss making nature of operations in the nine months of the current financial year, leading to stretched liquidity position. ICRA notes that RFTL's non-integrated nature of operations results in an adverse cost structure and exposes the company's margins and cash flows to the variability in the ferro alloy and raw material prices. ICRA also notes that RFTL has come under the purview of a strategic debt restructuring (SDR) programme, and the bankers are in the process of implementation of the programme.

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 FY15. During FY14, the company had registered a net loss of Rs. 228.6 crore on an operating income of Rs. 2486.68 crore. As per unaudited financial results, RFTL has registered a net loss of Rs 295.72 crore on an operating income of Rs 1336.55 crore in April-September 2015.

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For further details please contact:

Analyst Contacts:

Mr. Jayanta Roy, (Tel. No. +91-33-22876617 / 22800008)
jayanta@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91 33 7150 1100)
jayantac@icraindia.com

* 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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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

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

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

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

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

'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

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

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

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