FACOR Alloys Limited

Instrument	Amount	Rating Action
	In Crore	As on December 2015
Fund Based Facilities	28.90	[ICRA]D (Downgraded)
Non-Fund Based Facilities	34.00	[ICRA]D (Downgraded)

ICRA has downgraded the long term rating of FACOR Alloys Limited (FAL) from **[ICRA]BB** (pronounced ICRA double B) to **[ICRA]D** (pronounced ICRA D) for Rs. 28.90 crore[1] fund based limits. ICRA has also downgraded the short term rating of FAL from **[ICRA]A4** (pronounced ICRA A four) to **[ICRA]D** (pronounced ICRA D) for Rs. 34.00 crore non-fund based limits†.

The ratings revision for fund and non-fund based limits of FAL primarily takes into account the invocation of standby Letter of Credit (SBLC) of USD 10 million issued by the lender (Bank of India, Vishakhapatnam) for granting loan to its overseas subsidiary M/s Facor Minerals (Netherlands) B.V. Besides that, rating takes into account continued suspension of FAL's manufacturing operations since February 2014 which has led to significant losses and intensely competitive and cyclical nature of the Ferro-alloys industry which makes profitability and cash flows volatile.

Company Profile

Facor Alloys Limited (FAL) was incorporated in May 2004, as a part of a restructuring scheme sanctioned to Ferro Alloys Corporation Limited (FACOR). FACOR was incorporated in 1957 by Mr. Uma Shankar Agarwal & the Saraf family. As a part of the restructuring exercise affected in April 2004, the company was trifurcated into three separate companies namely FACOR, FAL and Facor Steels Limited (FSL) based on division of operations and manufacturing facilities. FAL is a company engaged in manufacturing of Ferro-Chrome. Its manufacturing unit, having an installed capacity of 72,500 tonnes per annum (TPA), is located in Garividi, District Vizag (Andhra Pradesh).

Recent Results: In FY15, the company reported a net loss of Rs. 8.07 crore on a turnover of Rs. 2.10 crore as compared to a net loss of Rs. 16.46 crore on a turnover of Rs. 245.54 crore in FY14. During the 1H FY16, FAL reported a net loss of Rs. 5.29 crore on a turnover of Rs. 1.46 crore.

December 2015

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