**October 08, 2013**

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF IMPEX FERRO TECH LTD AND REMOVES THE RATINGS FROM 'CREDIT WATCH'**

**Ratings**

| Facilities | Amount (Rs. Crore) | Ratings[1] | Remarks |
|---|---|---|---|
| Long-term Bank Facilities (Term Loan) | 35.03 (reduced from 40.43) | **CARE B+ (Single B Plus)** | Revised from CARE B+ (Single B Plus) to CARE D with removal of 'Credit Watch' and then revised to CARE B+ (Single B Plus). |
| Long-term Bank Facilities (Fund-based) | 47.00 | | |
| Long Term/Short-term Bank Facilities (Fund-based) | 35.00 | **CARE B+/A4 (Single B Plus /A Four)** | Revised from CARE B+/A4 (Single B Plus/A Four) to CARE D with removal of 'Credit Watch' and then revised to CARE B+ /A4 (Single B Plus / A Four) |
| Short-term Bank Facilities (Non-fund Based) | 162.00 | **CARE A4 (A Four)** | Revised from CARE A4 (A Four) to CARE D with removal of 'Credit Watch' and then revised to CARE A4 (A Four) |
| **Total Facilities** | **279.03** | | |

**Rating Rationale**

The revision in IFTL's ratings to 'CARE D' reflects delays in debt servicing by the company as highlighted in the auditor's report for the year ended March 31, 2013. The ratings were revised as per CARE's policy of recognizing default.

Further, the ratings are being removed from credit watch in view of the withdrawal of proposed merger with Rohit Ferro Tech Ltd (RFTL).

However, following the regularization of the debt servicing by the company from May 2013, the ratings have been reinstated.

The ratings are constrained by IFTL's weak credit metrics in FY13 (the period refers from April 1 to March 31), lack of backward integration, susceptibility to volatility in raw material & finished goods prices and vulnerability to adverse foreign exchange fluctuation. The ratings, however, take into account IFTL's experienced promoters, improved capacity utilization with stabilization of captive power plant and increasing presence in the export market. The ability of the company to improve its profitability margin and capital structure while effectively managing its working capital cycle remain the key rating sensitivities.

**Background**

Impex Ferro Tech Limited. (IFTL), incorporated in 1995 and has been under the control of the SKP group of Kolkata (the current promoters) since March 2011, is a mid-sized manufacturer of high-

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications*

carbon ferro manganese & ferro-silico manganese and others used in manufacturing of steel (primarily mild, alloy and stainless steel). Currently, the company has an aggregate production capacity of 59,025 MTPA of ferro alloys at Kulti (West Bengal) along with a 30 MW captive power plant. This apart, the company is also engaged into trading activities of iron ore & /or steel products.

During FY13 and Q1FY14 (provisional), IFTL reported a PAT of Rs.3.96 crore and Rs.1.01 crore on a total operating income of Rs.644.20 crore and Rs.167.80 crore respectively.

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*CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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