

June 16, 2010

**CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF
ROHIT FERRO-TECH LTD.****Ratings**

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	94.45 (reduced from 113.08)	'CARE BBB-' (Triple B Minus)	Reaffirmed
Long-term/Short-term Bank Facilities	64.00	'CARE BBB-'/ 'PR3' (Triple B Minus)/ (PR Three)	Reaffirmed
Short-term Bank Facilities	186.53	'PR3' (PR Three)	Reaffirmed
Total Facilities	344.98		

Rating Rationale

The ratings continue to draw strength from satisfactory track record of the company, experience of its promoters, its established position as a mid-size player in the domestic ferro alloys industry and comfortable financial position. However, the ratings remain constrained by the complete dependence of the ferro alloys industry on the fortunes of steel industry, cyclicity of business, volatility in prices of finished goods & raw materials, risk of ongoing project implementation and stiff competition due to low entry barriers. Ability of the company to improve its margin, future trend in prices of both raw material and finished goods and commercial success of the ongoing project are the key rating sensitivities.

Company Profile

RFTL, incorporated in April, 2000, is engaged mainly in manufacturing of ferro alloys since October, 2003. The company is promoted by Shri Suresh Kr. Patni, who has rich experience in ferro alloy industry of more than three decades.

¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications.

During FY09, RFTL earned PBILDT of Rs.107.6 crore (Rs.125.5 crore in FY08) and PAT of Rs.9.2 crore (Rs.80.4 crore in FY08) on net sales of Rs.868.7 crore (Rs.561.1 crore in FY08). As per the working results for 9MFY10, net sales declined by about 14% from 9MFY09 due to significant fall in realisation. However, PBILDT increased by 29% in 9MFY10 over 9MFY09 mainly due to containment of raw material cost on account of lower raw material prices. Higher PBILDT vis-à-vis capital charge led to a substantial increase in PAT (after defd. tax) level & margin. Interest coverage was moderate at 1.63.

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CARE 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.

Disclaimer

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