
October 20, 2010

CARE ASSIGNS 'CARE BBB' AND 'PR3' RATINGS TO THE BANK FACILITIES OF TEAM FERRO ALLOYS PVT LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	54.65	'CARE BBB' (Triple B)	Assigned
Short-term Bank Facilities	37.81	'PR3' (PR Three)	Assigned
Total Facilities	92.46		

Rating Rationale:

The ratings derive strength from the promoters' noteworthy experience in the ferro-alloys industry, comfortable debt coverage indicators, healthy growth in revenue and profitability margins during FY10, reputed customer base and captive source of power.

The ratings are constrained by the relatively small size of operations, risk of volatility in prices of ferro alloys as well as raw materials in the absence of long-term supply agreements, some plants being operated on lease, exposing TFAPL to ownership risk and the cyclical nature of the end-user industry viz. steel.

TFAPL's ability to maintain its operating efficiency and achieve its envisaged sales and profitability is the key rating sensitivity.

Company Profile

Incorporated in 1998 by Mr. A.K.Gutgutia, Mr. Ram Janam Singh, Mr. Rajesh Kumar Singh and Mr. Sandeep Goenka, TFAPL is engaged in the manufacture of ferro alloys, cored wire and power generation.

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

TFAPL's registered profit after tax of Rs.8.42 crore on total income of Rs.111.25 crore in FY10 as against a PAT of Rs.1.56 crore on total income of Rs.63.95 crore in FY09.

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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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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