

India Ratings Affirms Indsil Hydro Power and Manganese at 'IND D'

Sep 27, 2022 | Ferro & Silica Manganese

India Ratings and Research (Ind-Ra) has affirmed Indsil Hydro Power and Manganese Limited's (IHPML) Long-Term Issuer Rating at 'IND D'. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating	Rating Action
Term loan (Long term)	-	-	March 2023	INR33	IND D	Affirmed
Fund-based facilities (Long term/Short term)	-	-	-	INR804.7 (reduced from INR825.5)	IND D	Affirmed
Non-fund-based facilities.(Short term)	-	-	-	INR147.50	IND D	Affirmed

ANALYTICAL APPROACH: Ind-Ra has continued to take a consolidated view of IHPML, its two UAE-based 100% subsidiaries, Indsil Hydro Global (FZE) and Indsil Energy Global (FZE), and the Oman-based 50% joint venture company, Al Tamman Indsil Ferro Chrome LLC, to arrive at the ratings, on account of the strong operational and strategic linkages among them. Since FY21, IHPML has not consolidated the revenue, expenses, assets and liabilities from Al Tamman Indsil Ferro Chrome and the interest in the joint venture has been accounted for using the equity method.

Key Rating Drivers

The affirmation reflects the continued delays in debt servicing by IHPML due to its tight liquidity position and the classification of its account as a non-performing asset by some of its lenders.

Rating Sensitivities

Positive: Timely debt servicing for three consecutive months could result in an upgrade.

Company Profile

Incorporated in 1990 and promoted by S N Varadarajan, IHPML manufactures ferro alloys and operates hydro and thermal power plants. The company produces low carbon silicon manganese/medium carbon silicon manganese and ferro chrome from Palakkad, Raipur and Andhra Pradesh plants, respectively.

CONSOLIDATED FINANCIAL SUMMARY:

Particulars	FY22	FY21
Revenue (INR million)	2,084.35	610.27
EBITDAR (INR million)	340.70	122.72
EBITDAR margin (%)	16.35	20.11
Gross interest coverage (x)	2.17	0.63
Net leverage (x)	3.10	11.17
Source: Indsil Hydro; Ind-Ra		

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook		
				6 September 2022	16 August 2021	3 August 2020
Issuer rating	Long-term		IND D	IND D (ISSUER NOT COOPERATING)	IND D	IND D
Term loan	Long-term	INR33	IND D	IND D (ISSUER NOT COOPERATING)	IND D	IND D
Fund-based working capital limit	Long-term/Short-term	INR804.70	IND D	IND D (ISSUER NOT COOPERATING)	IND D	IND
Non-fund-based working capital limit	Short-term	INR147.5	IND D	IND D (ISSUER NOT COOPERATING)	IND D	IND D

Complexity Level of Instruments

Instrument Type	Complexity Indicator
Fund-based working capital limits	Low
Term loan	Low
Non-fund-based working capital limits	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

Primary Analyst

Deepti Bohra

Analyst

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

022 40356177

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Pranav Bahl

Research Associate

Chairperson

Neermoy Shah

Associate Director

+91 124 6687243

Media Relation

Ankur Dahiya

Senior Manager – Corporate Communication

+91 22 40356121

APPLICABLE CRITERIA

Corporate Rating Methodology

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