



Forbes & Company Limited

Instrument	Amount	Rating Action
Long-term Loans	Rs. 89.49 crore	[ICRA]AA- (stable) reaffirmed
Short-term Loans	Rs. 10.00 crore	[ICRA]A1+ reaffirmed
Short-term, fund-based facilities	Rs. 37.00 crore	[ICRA]A1+ reaffirmed
Short-term, non-fund based facilities	Rs. 15.50 crore	[ICRA]A1+ reaffirmed
Commercial Paper programme	Rs. 80.00 crore	[ICRA]A1+ reaffirmed
Non Convertible Debenture (NCD) Programme	Rs. 100.00 crore	[ICRA]AA- (stable) assigned

Source: ICRA

ICRA has assigned an [ICRA]AA- (pronounced ICRA double A minus) rating to the Rs. 100.00 crore non convertible debenture (NCD) programme of Forbes & Company Limited. ICRA has also reaffirmed the [ICRA]AA- rating assigned to the Rs. 89.49 crore*, long-term loans and the [ICRA]A1+ (pronounced ICRA A one plus) rating assigned to the Rs. 80.00 crore, commercial paper programme, the Rs. 10.00 crore, short-term loans, the Rs. 37.00 crore, short-term, fund-based facilities, and the Rs. 15.50 crore, short-term, non-fund based facilities of FCL†. The outlook on the long-term rating is 'stable'.

The ratings reaffirmation factors in the comfortable operating performance of the company at the consolidated level on the back of improved performance of its IT Enabled Services products (under subsidiary Forbes Technosys) and its engineering divisions; its satisfactory liquidity position on account of available cash & liquid investments as well as superior financial flexibility by virtue of being a part of the Shapoorji Pallonji group.

The ratings are however, constrained by the debt funded acquisition by Eureka Forbes Limited which continues to constrain FCL (consolidated)'s credit profile and debt funded capex in some subsidiary companies. Also, repayment obligations in the medium term are large and with expected debt funded investment in its real estate is likely to stretch cash flows in the medium term, however, the company's ability to refinance the same, given its financial flexibility, is a source of comfort. Further, the performance of the shipping & logistics business remains subdued impacted by one-time costs and severe competition in the CFS business. ICRA also takes note of management's intention to focus on profitable growth and conserve cash rather than chasing revenue growth.

However, ICRA continues to draw comfort from the status of FCL as a strategically important operating as well as holding company of the Shapoorji Pallonji (SP) group and the significant real estate holdings which, when monetized, could provide upside to the company's cash flows.

Company Profile

Forbes & Company Limited (FCL) traces its origins to the year 1767 when John Forbes of Scotland started his business in India. Over the years, the management of the company moved from the Forbes Family to the Campbells to the Tata Group and now to the Shapoorji Pallonji Group. During this period, the company has also gone through a series of mergers and demergers, and engaged and disengaged from different businesses. Initially known as Forbes Gokak Limited, the name of the company has been changed to Forbes & Company Limited with effect from October 25, 2007.

Post various divestments and business discontinuations, the current operations of FCL (standalone) include engineering business (comprising precision tools, coding business, and energy – turbines business); and shipping and logistics business (comprising container freight stations and logistics). In addition, FCL earns substantial income from its treasury operations (real estate and investments).

* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website, www.icra.in, or other ICRA Rating Publications



Currently, FCL has 36 Subsidiary Companies, 8 Joint Venture Companies and 4 Associate Companies. Increasingly, businesses that are a part of FCL standalone operations are becoming smaller, while businesses in which FCL has been investing (as subsidiaries/ JVs) are becoming more important. In terms of revenue contribution, on a consolidated basis, Eureka Forbes Limited (100% subsidiary of FCL) contributes more than 50% of the total operating income of the company. The other major group companies which contribute significantly to the overall revenues of the consolidated entity include Forbes Technosys Limited (100% step-down subsidiary of FCL), Shapoorji Pallonji Forbes Shipping Limited (JV with Sterling Investment Corporation Limited and G.S Enterprises (a Shapoorji Pallonji group company) with FCL holding 25% stake), and Forbes Bumi Armada Offshore Limited (50.001% stake held by FCL).

Shapoorji Pallonji Group holds about 73.85% of the paid up share capital of FCL. The Shapoorji Pallonji group is also the largest private stakeholder in Tata Sons (18.40%).

Recent Results

For the twelve months ended March 31, 2015, FCL (consolidated) reported a profit after tax (PAT) of Rs. 37.1 crore on an operating income of Rs. 3,561.6 crore as against a PAT of Rs. 50.5 crore on an operating income of Rs. 3,086.5 crore for the twelve months ended March 31, 2014.

August 2015

For further details please contact:

Analyst Contacts:

Mr. Anjan Ghosh (Tel. No. +91-22- 6114 3407)
aghosh@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91 22 6114 3406)
shivakumar@icraindia.com

© Copyright, 2015, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500