

July 23, 2021

Forbes Technosys Limited: Rating of [ICRA]BBB-(CE); rating under watch with negative implications withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Loans	20.0	20.0	[ICRA]BB+(CE) (Negative); outstanding
Long-term Fund-based Limits	48.0	48.0	[ICRA]BB+(CE) (Negative); outstanding
Short-term Non-fund Based Limits	32.0	32.0	[ICRA]A4+(CE); outstanding
Non-convertible Debenture (NCD) Programme	35.0	35.0	[ICRA]BB+(CE) (Negative); outstanding
Long-term – Loan	5.7	0.0	[ICRA]BBB-(CE); rating under watch with negative implications; withdrawn
Total	140.7	135.0	

Rating Without Explicit Credit Enhancement	[ICRA]BB-/ [ICRA]A4
---	----------------------------

*Instrument details are provided in Annexure-1

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

The rating of [ICRA]BBB-(CE); rating under watch with negative implications for Rs. 5.7 crore based on a letter of comfort (LOC) from Shapoorji Pallonji and Company Private Limited (SPCPL) has been withdrawn at the request of the company and based on the confirmation from the banker that rated amount has been fully repaid, in accordance with ICRA's policy on withdrawal of credit ratings. The Key rating drivers, Liquidity position, Rating sensitivities and Key financial indicators have not been captured as the rating is being withdrawn.

The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Approach for Rating Debt Instruments Backed by Third-Party Explicit Support Policy on Withdrawal of Credit Ratings
Parent/Group Support	The rating for the Rs. 35.0-crore NCD programme and the Rs. 100.0-crore bank facilities are based on the strength of an unconditional and irrevocable corporate guarantee by Forbes Company Limited. The rating for the Rs. 5.7-crore term loan was based on the strength of the LOC from SPCPL.
Consolidation/Standalone	Standalone

About the company

FTL, a Shapoorji Pallonji (SP) Group company, is a subsidiary of FCL. Initially incorporated as Wandel & Goltermann & Forbes Limited on July 9, 1991, the company was renamed as Forbes Technosys Limited in July 2004, after being non-operative for more than a decade. Since then, FTL underwent many changes with respect to its business activities. FTL's current businesses include self-service automation (kiosks and multi-function ATMs), imaging solutions, financial inclusion solutions, enterprise mobility solutions, banking automation solutions, retail automation products, e-payment solutions, e-stamping solutions, recharge and ticketing solutions, and managed services. Its customers include leading banks, insurance players, telecom companies, power companies, utilities, retailers, airlines and Government organisations.

About FCL

FCL traces its origins to 1767 when John Forbes from Scotland started his business in India. Over the years, the company's management moved from the Forbes family, to the Campbells, to the Tata Group, and finally to the SP Group. During this period, the company went through a series of mergers and demergers, and had to disengage from different businesses. Initially known as Forbes Gokak Limited, the company's was renamed as Forbes & Company Limited with effect from October 25, 2007. The SP Group holds ~73.85% of the paid-up share capital of FCL.

Post various divestments and business discontinuations, FCL's standalone operations currently include engineering business (precision tools and coding) and residential project development (Vicinia in Chandivali, Mumbai). In addition, FCL earns substantial income from its treasury operations and real estate holdings. Further, FCL has many subsidiary companies, JVs and associate companies. In terms of revenue contribution, on a consolidated basis, EFL (100% subsidiary of FCL) contributes more than 80% to its total operating income. The other major Group companies, which contribute to the overall revenues of the consolidated entity, include FTL (100% subsidiary of FCL) and Shapoorji Pallonji Forbes Shipping Limited (SPFSL) (JV with Sterling Investment Corporation Limited and GS Enterprises, an SP Group company, with FCL holding a 25% stake).

About SPCPL

Shapoorji Pallonji and Company Private Limited (SPCPL), is the flagship company of the SP Group, which is a diversified industrial conglomerate comprising of a group of companies held by the Mistry Family. The SP Group has a diversified presence across sectors such as construction (SPCPL, Afcons Infrastructure Limited), mechanical electrical and plumbing (Sterling & Wilson Private Limited), contracting (Sterling & Wilson Private Limited), water purification (Eureka Forbes Limited), infrastructure development (Shapoorji Pallonji Infrastructure Capital Company Private Limited), solar power generation and contracting (Sterling & Wilson Private Limited and Shapoorji Pallonji Infrastructure Capital Company Private Limited), floating production storage and offloading (FPSO) vessels (SP Oil & Gas Private Limited) etc. The SP Group is also the largest private shareholder (18.37%) in Tata Sons Private Limited, the holding company of the Tata Group.

SPCPL, which is held by the Mistry family through various group companies, functions as the holding-cum-operating company of the SP Group. The company holds stakes in various listed and unlisted companies, within and outside the SP Group, and also has significant investments in properties that have high market value. SPCPL is one of India's leading construction companies, with a heritage of more than 150 years. Over the years, SPCPL has built diverse civil and engineering structures, such as factories, stadiums and auditoriums, airports, hospitals, housing complexes, and power plants.

Key financial indicators

Refer the previous detailed rationale on the following link: [Click here](#)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years							
	Type	Amount Rated (Rs. crore)	Amount Outstanding as of June 30, 2021 (Rs. crore)	Date & Rating in	Date & Rating in FY2021			Date & Rating in FY2020		Date & Rating in FY2019		
				July 23, 2021	Jan-14-2021	Oct 23-2020	May-21-2020	Dec-09-2019	Jul-01-2019	Nov-28-2018	Oct-26-2018	
1	Term Loans	Long-term	20.0	7.3	[ICRA]BB+(CE) (Negative)	[ICRA]BB+(CE) (Negative)	[ICRA]BB+(CE) (Negative)	[ICRA]BBB+(CE) (Negative)	[ICRA]BBB+(CE) (Negative)	[ICRA]A(SO) (Negative)	[ICRA]A(SO) (Negative)	[ICRA]A(SO) (Negative)
2	Fund-based Limits	Long-term	48.0	-	[ICRA]BB+(CE) (Negative)	[ICRA]BB+(CE) (Negative)	[ICRA]BB+(CE) (Negative)	[ICRA]BBB+(CE) (Negative)	[ICRA]BBB+(CE) (Negative)	[ICRA]A(SO) (Negative)	[ICRA]A+(SO) (Negative)	[ICRA]A+(SO) (Negative)
3	Non-fund Based Limits	Short-term	32.0	-	[ICRA]A4+(CE)	[ICRA]A4+(CE)	[ICRA]A4+(CE)	[ICRA]A2(CE)	[ICRA]A2(CE)	[ICRA]A1(SO)	[ICRA]A1+(SO)	[ICRA]A1+(SO)
4	NCD	Long-term	35.0	29.2	[ICRA]BB+(CE) (Negative)	[ICRA]BB+(CE) (Negative)	[ICRA]BB+(CE) (Negative)	[ICRA]BBB+(CE) (Negative)	[ICRA]BBB+(CE) (Negative)	[ICRA]A(SO) (Negative)	[ICRA]A+(SO) (Negative)	[ICRA]A+(SO) (Negative)
5	NCD	Long-term	-	-	-	-	-	[ICRA]BBB+(CE) (Negative), reaffirmed and withdrawn	[ICRA]BBB+(CE) (Negative)	[ICRA]A(SO) (Negative)	[ICRA]A+(SO) (Negative)	[ICRA]A+(SO) (Negative)
6	Term Loan	Long-term	5.7	0.0	[ICRA]BBB-(CE); under watch with negative implications; withdrawn	[ICRA]BBB-(CE); under watch with negative implications	[ICRA]BBB-(CE); placed under watch with negative implications	[ICRA]A-(CE) (Negative)	[ICRA]A-(CE) (Negative)	[ICRA]A(S)&	[ICRA]A+(S)&	[ICRA]AA-(S) (Stable)

&= Under watch with developing implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term - Loans	Simple
Long-term Fund-based Limits	Simple
Short-term Non-fund Based Limits	Very Simple
Non-convertible Debenture (NCD) Programme	Very Simple
Long-term – Loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
INE465R08040	NCD	18-Oct-2017	10.4%	FY2023	35.0	[ICRA]BB+(CE) (Negative); Outstanding
NA	Term Loan 1	Aug-2016	NA	FY2023	15.0	[ICRA]BB+(CE) (Negative); Outstanding
NA	Term Loan 2	Dec-2015	NA	Mar-2020	5.7	[ICRA]BBB-(CE); under watch with negative implications; withdrawn
NA	Term Loan 3	Nov-2018	NA	FY2023	5.0	[ICRA]BB+(CE) (Negative); Outstanding
NA	Cash Credit	-	-	-	48.0	[ICRA]BB+(CE) (Negative); Outstanding
NA	Letter of Credit and Bank Guarantee	-	-	-	32.0	[ICRA]A4+(CE); Outstanding

Source: Company

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545300
shamsherd@icraindia.com

Srikumar Krishnamurthy
+91 44 45964318
ksrikumar@icraindia.com

Suprio Banerjee
+91 22 6114 3443
supriob@icraindia.com

Karan Gupta
+91 22 6114 3421
karan.gupta@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2021 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.