

SFO Technologies Private Limited

July 31, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term loan	8.90	8.90	[ICRA]BBB+ (Stable) withdrawn
Proposed long-term	42.00	42.00	
Short-term fund based	196.50	196.50	[ICRA]A2+ withdrawn
Short-term non-fund based	52.60	52.60	
Total	300.00	300.00	

*Instrument details are provided in Annexure-1

Rating action

ICRA has withdrawn the [ICRA]BBB+ (Stable) (pronounced ICRA triple B plus with a stable outlook)¹ outstanding on the Rs.8.90 crore term loan facilities and the Rs. 42.00 proposed long-term facilities of SFO Technologies Private Limited ("SFO Tech"/the company). ICRA has also withdrawn the [ICRA]A2+ (pronounced ICRA A two plus) rating outstanding on the Rs.196.50 crore short-term fund-based facilities and the Rs.52.60 crore short-term non-fund based facilities of the company.

Rationale

The ratings have been withdrawn in accordance with ICRA's policy on withdrawal and suspension, at the request from the company, based on no objection certificate provided by its lenders.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[ICRA policy on Withdrawal and Suspension of Credit rating](#)

About the company:

Incorporated in 1990, SFO Technologies Private Limited (SFO Tech /the company) is primarily engaged in contract manufacturing of electronic components and devices. About 20% of SFO Tech's income is derived from original design manufacturing (ODM) where the company designs new products/re-engineers existing products and then undertakes contract manufacturing for the customers. The company caters to several verticals including healthcare, energy, industrial, communication, aerospace, defense, transportation, automotive and consumer electronics. SFO Tech has its facilities in the Cochin Special Economic Zone and in Karnataka Industrial Area Development Board, Bommasandra, Bangalore, and has over 4,000 employees.

¹For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

SFO Tech is the flagship company of the Kerala based NeST group ('the Group'), promoted by Mr. Javad K. Hassan and his brother, Mr. N. Jehangir, with presence in hardware, software services, condiments and real estate. SFO Tech is the flagship company of the group.

Key Financial Indicators (Audited)

	FY2015	FY2016
Operating Income (Rs. crore)	1,004.8	953.6
PAT (Rs. crore)	126.4	23.4
OPBDIT/ OI (%)	7.5%	8.9%
RoCE (%)	31.4%	8.8%
Total Debt/ TNW (times)	1.1	0.4
Total Debt/ OPBDIT (times)	6.1	2.3
Interest coverage (times)	1.6	2.6

Source: Company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the past 3 years			
Instrument		Type	Amount Rated (Rs. crore)	Amount Outstanding as on June 30, 2018 (Rs Crore)	Date & Rating July 2018	Date & Rating in FY2017 Jan 2017	Date & Rating in FY2016 Jun 2015	Date & Rating in FY2015 Dec 2014
1	Term loan	Long term	8.90	0.00	[ICRA]BBB+ (Stable) withdrawn	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB suspended
2	Proposed long-term	Long term	42.00	-				
3	Short-term fund based	Short term	196.50	-	[ICRA]A2+ withdrawn	[ICRA]A2+	[ICRA]A2+	[ICRA]A2 suspended
4	Short-term non-fund based	Short term	52.60					

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
Term loans	FY2016	12.3%	NA	8.90	[ICRA]BBB+ (Stable)
Long-term facilities - proposed				42.00	withdrawn
Short term fund-based facilities - EPC/PCFC/EBRD	NA			196.50	
Short-term non-fund-based facilities – LC/BG				52.60	[ICRA]A2+ withdrawn
Source: Company					

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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

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