

July 27, 2020

Squad Forging India Private Limited: Rating Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based – Term Loan	42.74	42.74	[ICRA]BB+ (Negative); Withdrawn
Fund Based – Working Capital Facilities	5.00	5.00	[ICRA]BB+ (Negative); Withdrawn
Total	47.74	47.74	

*Instrument details are provided in Annexure-1

Rationale

The rating assigned to Squad Forging India Private Limited (Squad) has been withdrawn at the request of the company, based on the no-objection certificates provided by its bankers. ICRA does not have requisite information to suggest that the credit risk has changed since the time the rating was last reviewed.

[Link to last full press release on ICRA website](#)

Key Rating Drivers

Key rating drivers has not been captured as the rated instruments are being withdrawn.

Liquidity Position:

Liquidity position has not been captured as the rated instruments are being withdrawn.

Rating Sensitivities

Rating sensitivities have not been captured as the rated instruments are being withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Parent/Group Company: Aequs Private Limited and Aubert & Duval SAS The rating is based on implicit support from the parent company
Consolidation/Standalone	The rating is based on the standalone financial statements of the rated entity

About the company

Incorporated on January 19, 2011, Squad Forging India Private Limited manufactures and exports ferrous and non-ferrous forgings. The company was formed pursuant to an agreement between Setforge Societe Nouvelle SAS (Setforge) and Aequs Private Limited (APL). Aubert & Duval SAS (A&D) later joined the same, pursuant to an agreement dated June

25, 2011, whereby the parties agreed to hold shares equally in the company. However, on June 6, 2017, Setforge transferred its entire shareholding to APL and A&D. Consequently, APL and A&D now hold 50% each in Squad.

Squad specialises in closed die forging and supplies forged products and components to companies in the aerospace (structural components, landing gear or braking systems) and automotive industries. The facility manufactures small and medium-sized parts using aluminium, steel, titanium and nickel-based alloys. The facility houses two separate forging lines – one comprising a hydraulic press unit (10,000 MT) for aluminium and titanium forgings and the other comprising a screw press (1,200 MT) for aluminium and steel forgings. Apart from this, the facility has designated heat treatment lines for aluminium, steel and titanium in addition to a laboratory. The management had indicated that this is expected to be the largest hydraulic press in India, at present. The testing of the facility was completed in FY2018 and full-fledged operations commenced in FY2019.

Key Financial Indicators:

	FY2018	FY2019
Operating Income (Rs. crore)	13.2	25.3
PAT (Rs. crore)	-16.8	-11.3
OPBDIT/OI (%)	-34.2%	-8.9%
PAT/OI (%)	-126.7%	-44.5%
Total Outside Liabilities/Tangible Net Worth (times)	1.0	0.9
Total Debt/OPBDIT (times)	NM	NM
Interest Coverage (times)	NM	NM

Source: Company; Note: NM – Not meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:

	Instrument	Current Rating (FY2021)				Rating History for the Past 3 Years		
		Type	Amount Rated	Amount Outstanding March 31, 2019	Rating	FY2020	FY2019	
					27-Jul-2020	21-Oct-2019	28-Sep-2018	15-Jun-2018
1	Term Loan	Long Term	42.74	35.96	[ICRA]BB+ (Negative); Withdrawn	[ICRA]BB+ (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Stable)
2	Working Capital	Long Term	5.0	-	[ICRA]BB+ (Negative); Withdrawn	[ICRA]BB+ (Negative)	-	-

Amount in Rs. crore

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

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan 1	Feb-2012	-	NA	17.05	[ICRA]BB+ (Negative); Withdrawn
NA	Term Loan 2	Dec-2013	-	NA	11.91	[ICRA]BB+ (Negative); Withdrawn
NA	Term Loan 3	Feb-2018	10.77%	NA	13.78	[ICRA]BB+ (Negative); Withdrawn
NA	Working Capital	NA	NA	NA	5.00	[ICRA]BB+ (Negative); Withdrawn

Source: Squad

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

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