Sadbhav Engineering Limited

September 15, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long term Non-Convertible Debenture Issue	-	-	**Withdrawn**
Short term Non-Convertible Debenture Issue	-	-	**Withdrawn**

Details of Instruments in Annexure-1

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the rating assigned to the proposed NCD issues of Sadbhav Engineering Limited (SEL) with immediate effect, as the company has not placed the same and there is no amount outstanding under the issue as on date.

Analytical Approach: Not Applicable

Applicable Criteria:

Policy on Withdrawal of Ratings

About the Company

Incorporated in 1988 and founded by late Shri Vishnubhai Patel, SEL is an Engineering Procurement and Construction (EPC) contractor executing projects in roads, irrigation and mining segment. SEL had floated a wholly-owned subsidiary – SIPL as a holding company of build-operate-transfer (BOT) projects in 2007.

During FY20, SIPL executed share purchase agreement with IndInfravit Trust (IndInfravit) and sold its entire stake in eight operational build operate transfer (BOT) special purpose vehicles (SPV) for the enterprise value of Rs.6,610 crore, while the stake sale is awaited in one operational SPV. Post the transaction, Sadbhav Group had a portfolio of 14 BOT projects (four operational toll road projects, ten under construction HAM projects of which two HAM projects have received PCOD on partial length). SIPL also has 10% stake in Indinfravit Trust in the form of listed units valuing Rs.720 crore which has lock-in period till February 2021.

The board of directors of SEL has approved the changes in the directorship within promoters in May 2020 wherein earlier Chairman and Managing Director of SEL, Mr. Shashin Patel has been appointed as vice chairman and non-executive director. Mr. Vasistha Patel is appointed date as Chief Executive Officer (CEO) of SEL. The company has also approved constitution of business advisory committee comprise of independent members and Mr. Shashin Patel, promoter and son of Late Vishnubhai Patel.

Further, as per stock exchange announcement dated October 19, 2019, SIPL would be merged with SEL with effect from April 1, 2019 subject to various statutory and regulatory approvals including approval of National Company Law Tribunal (NCLT).

Brief Financials (Rs. crore) – SEL-Standalone	FY19 (A)	FY20 (A)
Total operating income	3634	2363
PBILDT	513	394
PAT	187	85
Overall gearing (times; including mobilization advances)	0.91	0.80
Interest coverage (times)	2.93	2.03

A – Audited;

Brief Financials (Rs. crore) – Sadbhav Group#	FY19	FY20
Total operating income	3942	2529
PBILDT	736	454
PAT	243	462
Overall gearing (times; including mobilization advances)	0.86	0.57
Interest coverage (times)	2.54	1.44

#combining SEL (standalone) and SIPL standalone financials

As per published Q1FY21 provisional results, (refers to the period from April 01 to June 30) SEL on a standalone basis has reported total operating income (TOI) of Rs.244.77 crore (Q1FY20: Rs.864.59 crore) and loss of Rs.26.58 crore as against profit

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

after tax (PAT) of Rs.39.38 crore during Q1FY20. Further, on combined basis during Q1FY21 Sadbhav group reported TOI of Rs.282.86 crore (Q1FY20: Rs.913.15 crore) and loss of Rs.20.07 crore as against PAT of Rs.41.02 crore during Q1FY20.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debt-Non-convertible Debenture/Subordinate Debt	-	-	-	0.00	Withdrawn
Debentures-Non Convertible Debentures	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based-Long Term	LT	560.00	CARE A-; Stable	-	1)CARE A-; Stable (23-Mar-20) 2)CARE A (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A; Stable (04-Apr-19)	1)CARE A; Stable (20-Feb-19) 2)CARE A+; Stable (11-Sep-18)	1)CARE A+; Stable (08-Jan-18) 2)CARE A+; Stable (16-Jun-17)
2.	Non-fund-based-LT/ST	LT/ST	1950.00	CARE A-; Stable/CARE A2+	-	1)CARE A-; Stable / CARE A2+ (23-Mar-20) 2)CARE A / CARE A1 (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A / CARE A1 (Under Credit watch with	1)CARE A; Stable / CARE A1 (20-Feb-19) 2)CARE A+; Stable / CARE A1 (11-Sep-18)	1)CARE A+; Stable / CARE A1+ (08-Jan-18) 2)CARE A+; Stable / CARE A1+ (16-Jun-17)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
						Developing Implications) (30-Oct-19) 4)CARE A / CARE A1 (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A; Stable / CARE A1 (04-Apr-19)		
3.	Term Loan-Long Term	LT	63.75	CARE A-; Stable	-	1)CARE A-; Stable (23-Mar-20) 2)CARE A (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A; Stable (04-Apr-19)	1)CARE A; Stable (20-Feb-19) 2)CARE A+; Stable (11-Sep-18)	1)CARE A+; Stable (08-Jan-18) 2)CARE A+; Stable (16-Jun-17)
4.	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	1)CARE A2+ (23-Mar-20) 2)CARE A1 (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A1 (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A1 (Under Credit watch with Developing Implications) (10-Jul-19)	1)CARE A1 (20-Feb-19) 2)CARE A1 (11-Sep-18)	1)CARE A1+ (08-Jan-18)
5.	Non-fund-based - LT/ ST-BG/LC	LT/ST	50.00	CARE A-; Stable/CARE A2+	-	1)CARE A-; Stable / CARE A2+ (23-Mar-20)	1)CARE A; Stable / CARE A1 (20-Feb-19)	1)CARE A+; Stable / CARE A1+

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
						2)CARE A / CARE A1 (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A / CARE A1 (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A / CARE A1 (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A; Stable / CARE A1 (04-Apr-19)	2)CARE A+; Stable / CARE A1 (11-Sep-18)	(08-Jan-18) 2)CARE A+; Stable / CARE A1+ (16-Jun-17)
6.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (11-Sep-18)	1)CARE A+; Stable (08-Jan-18) 2)CARE A+; Stable (16-Jun-17)
7.	Term Loan-Long Term	LT	34.22	CARE A-; Stable	-	1)CARE A-; Stable (23-Mar-20) 2)CARE A (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A; Stable (04-Apr-19)	1)CARE A; Stable (20-Feb-19) 2)CARE A+; Stable (11-Sep-18)	1)CARE A+; Stable (08-Jan-18) 2)CARE A+; Stable (16-Jun-17)
8.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-Jan-20) 2)CARE A (Under Credit watch with	1)CARE A; Stable (20-Feb-19)	1)CARE A+; Stable (08-Jan-18)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
						Developing Implications) (30-Oct-19) 3)CARE A (Under Credit watch with Developing Implications) (10-Jul-19)	2)CARE A+; Stable (11-Sep-18)	2)CARE A+; Stable (16-Jun-17)
9.	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	-	-	1)Withdrawn (29-Jun-18)	1)CARE A1+ (08-Jan-18)
10.	Fund-based - ST-Term loan	ST	20.00	CARE A2+	-	1)CARE A2+ (23-Mar-20) 2)CARE A1 (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A1 (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A1 (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A1 (04-Apr-19)	1)CARE A1 (20-Feb-19) 2)CARE A1 (11-Sep-18)	1)CARE A1+ (08-Jan-18) 2)CARE A1+ (16-Jun-17)
11.	Commercial Paper	ST	-	-	-	-	1)Withdrawn (11-Sep-18) 2)CARE A1 (29-Jun-18) 3)CARE A1 (22-May-18) 4)CARE A1 (13-Apr-18)	-
12.	Debentures-Non Convertible Debentures	LT	150.00	CARE A-; Stable	-	1)CARE A-; Stable (23-Mar-20) 2)CARE A (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (Under Credit watch with Developing Implications) (30-Oct-19)	1)CARE A; Stable (20-Feb-19) 2)CARE A+; Stable (11-Sep-18) 3)CARE A+; Stable (29-Jun-18)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
						4)CARE A (Under Credit watch with Developing Implications) (10-Jul-19)		
13.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (23-Mar-20) 2)CARE A (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (Under Credit watch with Developing Implications) (10-Jul-19)	1)CARE A; Stable (20-Feb-19) 2)CARE A+; Stable (11-Sep-18)	-
14.	Debt-Non-convertible Debenture/Subordinate Debt	LT	-	-	-	1)CARE A-; Stable (23-Mar-20) 2)CARE A (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A; Stable (04-Apr-19)	-	-
15.	Debentures-Non Convertible Debentures	ST	-	-	-	1)CARE A2+ (23-Mar-20) 2)CARE A1 (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A1 (Under Credit watch with Developing Implications)	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
						(30-Oct-19) 4)CARE A1 (Under Credit watch with Developing Implications) (10-Jul-19)		

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Name of the Instrument	Detailed explanation
A. Financial Covenants	Not applicable
B. Non-financial Covenants	Not applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Commercial Paper-Commercial Paper (Carved out)	Simple
2.	Debentures-Non Convertible Debentures	Moderate
3.	Debt-Non-convertible Debenture/Subordinate Debt	Simple
4.	Fund-based - ST-Term loan	Simple
5.	Fund-based-Long Term	Simple
6.	Non-fund-based - LT/ ST-BG/LC	Simple
7.	Non-fund-based-LT/ST	Simple
8.	Term Loan-Long Term	Simple

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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