

Sanghvi Forging & Engineering Limited

April 11, 2017

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	123.49	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Long-term/Short-term Bank Facilities	32.00	CARE D / CARE D; ISSUER NOT COOPERATING (Single D / Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	1.05	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
TOTAL	156.54 (Rupees One hundred fifty six crore and fifty four lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Sanghvi Forging & Engineering Limited (SFEL) has not paid the surveillance fees for the rating exercise agreed to in its request letter. In line with the extant SEBI guidelines, CARE's rating on SFEL's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Sanghvi Forging & Engineering Limited (SFEL) continues to take into account the on-going delay in servicing its debt obligations due to its stretched liquidity position.

Detailed description of the key rating drivers

At the time of last rating on April 6, 2016, the following were the rating strengths and weaknesses:

Key rating weakness: *Ongoing delay in its debt servicing*

Due to stressed liquidity position, there has been continues delay in the debt servicing of SFEL.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Vadodara-based (Gujarat) SFEL, incorporated in 1989, is promoted by Mr Babulal Sanghvi. SFEL is engaged in the manufacturing of forged flanges & heavy forgings used in industrial forging and precision machined components used in the non-automotive sectors such as oil and gas, petrochemicals, chemicals, fertilizers, process equipments, desalination &

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

water treatment, ship building, defense, instrumentation, etc. The company manufactures both standardized as well as customized products. SFEL had an installed forging capacity of 18,600 Metric Tonne Per Annum (MTPA) as on March 31, 2015 with capability to handle a single job of up to 40 MT. SFEL caters to the domestic as well as overseas markets, mostly in Europe, Middle East, Canada and USA.

As per the audited results for FY16 (refers to the period April 1 to March 31), SFEL reported a total operating income (TOI) of Rs.68.78 crore and incurred a net loss of Rs.9.99 crore as against a TOI of Rs.89.54 crore with a net loss of Rs.7.95 crore in FY15.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable.

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

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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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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
Fund-based - LT-Cash Credit	NA	NA	NA	27.00	CARE D; ISSUER NOT COOPERATING
Non-fund-based - LT/ST-Bank Guarantees	NA	NA	NA	15.00	CARE D / CARE D; ISSUER NOT COOPERATING

Term Loan-Long Term	NA	NA	August 31, 2022	36.41	CARE D; ISSUER NOT COOPERATING
Non-fund-based - LT/ST-Letter of credit	NA	NA	NA	17.00	CARE D / CARE D; ISSUER NOT COOPERATING
Term Loan-Long Term	NA	NA	August 31, 2022	60.08	CARE D; ISSUER NOT COOPERATING
Non-fund-based - ST-Credit Exposure Limit	NA	NA	NA	1.05	CARE D; ISSUER NOT COOPERATING

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	27.00	CARE D; ISSUER NOT COOPERATING	-	1)CARE D (06-Apr-16)	1)CARE D (06-Apr-15)	1)CARE BB-(01-Apr-14)
2.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	15.00	CARE D / CARE D; ISSUER NOT COOPERATING	-	1)CARE D / CARE D (06-Apr-16)	1)CARE D / CARE D (06-Apr-15)	1)CARE BB- / CARE A4 (01-Apr-14)
3.	Term Loan-Long Term	LT	36.41	CARE D; ISSUER NOT COOPERATING	-	1)CARE D (06-Apr-16)	1)CARE D (06-Apr-15)	1)CARE BB-(01-Apr-14)
4.	Non-fund-based - LT/ST-Letter of credit	LT/ST	17.00	CARE D / CARE D; ISSUER NOT COOPERATING	-	1)CARE D / CARE D (06-Apr-16)	1)CARE D / CARE D (06-Apr-15)	1)CARE BB- / CARE A4 (01-Apr-14)
5.	Term Loan-Long Term	LT	60.08	CARE D; ISSUER NOT COOPERATING	-	1)CARE D (06-Apr-16)	1)CARE D (06-Apr-15)	1)CARE BB-(01-Apr-14)
6.	Non-fund-based - ST-Credit Exposure Limit	ST	1.05	CARE D; ISSUER NOT COOPERATING	-	1)CARE D (06-Apr-16)	1)CARE D (06-Apr-15)	1)CARE A4 (01-Apr-14)

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