

Sanghvi Forging & Engineering Limited

November 02, 2020

Ratings

Facilities	Amount (Rs. Crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	-	-	Withdrawn
Short-term Bank Facilities	-	-	Withdrawn
Long-term/ Short-term Bank Facilities	-	-	Withdrawn
Total Facilities	-		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has withdrawn the outstanding rating of 'CARE D / CARE D; Issuer Not Cooperating [Single D / Single D; Issuer Not Cooperating]' assigned to the bank facilities of Sanghvi Forging and Engineering Limited (SFEL) with immediate effect. The above action has been taken as the Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench, vide its order dated August 30, 2019, had initiated the Corporate Insolvency Resolution Process (CIRP) against SFEL under the provisions of the Insolvency and Bankruptcy Code, 2016. Therefore, it may no longer be useful or necessary for CARE to maintain a rating on the rated entity's obligations.

Applicable Criteria

CARE's policy on withdrawal of ratings

About the Company

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

Brief standalone financials of SFEL:

Brief Financials (Rs. Crore)	FY19 (A)	FY20 (A)
Total operating income	61.38	60.21
PBILDT	4.20	5.85
PAT	(19.95)	(5.16)
Overall gearing (times)	NM	NM
Interest coverage (times)	0.27	2.35

A – Audited; NM – Not Meaningful

- The Hon'ble NCLT, Ahmedabad Bench, vide its order dated August 30, 2019, had initiated Corporate Insolvency and Resolution Process (CIRP) based on petition filed by Bank of Baroda under the provisions of the Insolvency and Bankruptcy Code 2016 (Code). Mr. Chandra Prakash Jain was appointed the Interim Resolution Professional as proposed by Bank of Baroda along with its application.
- NCLT vide its order dated May 26, 2020, had replaced Interim Resolution Professional viz. Mr. Chandra Prakash Jain and appointed Mr. Parthiv Parikh as Resolution Professional on the basis of resolution passed by Committee of Creditors (CoC).
- Further, as per the provisional results for Q1FY21, SFEL reported net loss of Rs.3.56 crore on a total operating income of Rs.6.83 crore, compared with PAT of Rs.1.87 crore on a total operating income of Rs.17.73 crore in 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

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

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	-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	0.00	Withdrawn
Term Loan-Long Term	-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-Letter of credit	-	-	-	0.00	Withdrawn
Term Loan-Long Term	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Credit Exposure Limit	-	-	-	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 - LT-Cash Credit	LT	-	-	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (30-May-19)	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-18)	1)CARE D; ISSUER NOT COOPERATING* (11-Apr-17)
2.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ ST	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (29-Jun-20)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (30-May-19)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (29-Jun-18)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (11-Apr-17)
3.	Term Loan-Long Term	LT	-	-	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (30-May-19)	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-18)	1)CARE D; ISSUER NOT COOPERATING* (11-Apr-17)
4.	Non-fund-based - LT/ ST-Letter of credit	LT/ ST	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (29-Jun-20)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (30-May-19)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (29-Jun-18)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (11-Apr-17)
5.	Term Loan-Long Term	LT	-	-	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (30-May-19)	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-18)	1)CARE D; ISSUER NOT COOPERATING* (11-Apr-17)
6.	Non-fund-based - ST-Credit Exposure Limit	ST	-	-	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (30-May-19)	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-18)	1)CARE D; ISSUER NOT COOPERATING* (11-Apr-17)

* Issuer did not co-operate; based on best available information

Annexure 3: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - LT/ ST-Bank Guarantees	Simple
3.	Non-fund-based - LT/ ST-Letter of credit	Simple
4.	Non-fund-based - ST-Credit Exposure Limit	Simple
5.	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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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.

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