



November 20, 2024

General Manager  
Department of Corporate Services,  
BSE Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001

Security Code : 502865  
Security ID : FORBESCO

Dear Sir/Madam,

**Subject: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 - Rating/revision in credit rating**

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, we wish to inform you that Care Ratings Limited has revised the credit ratings as follows:

Facilities/Instruments	Amount (₹ crore)	Rating	Rating Action
Long Term Bank Facilities	42.58 (Enhanced from 36.00)	CARE BBB-; Stable	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned
Short Term Bank Facilities	7.50	CARE A3	Reaffirmed and removed from Rating Watch with Developing Implications
Long Term Bank Facilities	-	-	Withdrawn

We are enclosing herewith the rationale given by Care Ratings Limited for revision of credit ratings of Long & Short term Facilities.

We request you to kindly note and take the above information on record.

Date and time of occurrence of event: November 19, 2024;17:06

Thanking you.

Yours faithfully,  
For **Forbes & Company Limited**

**Pritesh Jhaveri**  
**Company Secretary and Compliance Officer**  
**Membership No: A51446**

## Forbes & Company Limited

November 18, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	42.58 (Enhanced from 36.00)	CARE BBB-; Stable	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned
Short Term Bank Facilities	7.50	CARE A3	Reaffirmed and removed from Rating Watch with Developing Implications
Long Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Ltd. has withdrawn the rating assigned to the bank facilities of Forbes & Company Limited (FCL) with immediate effect, as the company has transferred the rated facility to Forbes Precision Tools and Machine Parts Limited pursuant to the scheme of demerger.

The above ratings were placed on "Rating watch with Developing implications" following announcement of scheme of demerger of the company's precision tools business to Forbes Precision Tools and Machine Parts Limited (FPTL). The National Company Law Tribunal (NCLT) has approved the Scheme of demerger which is effective from FY24 (refers to the period from April 01, 2023, to March 31, 2024). On completion of the transaction and impact assessment of the same on FCL, the ratings have been removed from credit watch

The ratings assigned to bank facilities of Forbes & Company Limited (FCL) continue to derive strength from the satisfactory performance progress of the ongoing real estate project (Vicinia- Phase II) with significant project completed & sold and satisfactory financial performance during FY24 (refers to period April 01 to March 31) and H1FY25.

The ratings also reflect liquidation/dissolution of major loss-making entities (including European subsidiaries) and significant reduction in debt at the consolidated level, thereby supporting the profitability and debt coverage metrics. The company has comfortable liquidity position supported by large liquid funds of Rs.68 crore as on March 31, 2024.

The rating strengths are however, tempered by the relatively moderate size and scale of operation and profitability susceptible to fluctuation in input prices, performance of engineering division likely to be impacted by the cyclicity in the auto. Further, with completion of the Vicinia project, the company's reliance solely on the Coding and Industrial Automation Business (CIAB) and income from lease rentals may lead to significant scaling down of business operation. Thus, the ability of the company to scale up the residual engineering business would drive the growth prospect. Also, the company has large real-estate properties, and any aggressive debt funded development project plan would be a key monitorable.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Scaling up of the business operation while maintaining profitability

#### Negative factors

- Any large debt addition/support to group entities impacting the liquidity/financial position
- Large debt funded capex resulting in weakening of debt/PBILDT to 2.5x and above

**Analytical approach:** Consolidated as there exists business, financial and management linkage with the subsidiaries. The list of subsidiaries and joint ventures (JVs) that have been consolidated is given as Annexure-6

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Outlook: Stable**

A stable outlook reflects the expectations of steady improvement in residual Coding and Industrial Automation (CIAB) segment and consistent revenue from lease rentals going forward, which would support the profitability.

**Detailed description of key rating drivers:****Key strengths****Satisfactory performance of ongoing real estate project:**

The company has undertaken development of residential real estate project by the name of 'Vicinia'. The project is undertaken along with another group entity; Paikar Real Estate Limited with share of each at 50%. The development under FCL comprises 294 units under Phase I & II. Phase I has been completed and flats handed over to customers. The construction and development of Phase II has also been completed and the company is in the process of handing over the flats to the customers. Out of the total 294 units, FCL has sold 287 units as on November 06, 2024. Overall, the development of the real estate project is close to completion.

**Completion of the demerger with satisfactory performance reported in FY24 and H1FY25:**

FCL has demerged its precision tools business to a newly formed wholly owned subsidiary, Forbes Precision Tools and Machine Parts Limited (FTPL) after receiving approval from NCLT. Accordingly, the entire demerger process has been completed and has been effective from April 01, 2023. FCL has restated financials for FY23 post completion of the demerger.

The company reported a 2.7x increase in revenue in FY24 over FY23 with consolidated revenue growing from Rs. 47 crore in FY23 to Rs. 126 crore in FY24, driven by increased real estate revenue with handing over of flats. The real estate division, generating healthy margins, led to an operating profit of Rs. 5 crore in FY24, compared to a loss of Rs. 29 crore in FY23. The H1FY25 performance aligns with this trend, generating a profit of Rs. 9 crore with a PBILDT (profit before interest, lease rentals, depreciation, and taxation) margin of 12.78% and a Profit After Tax (PAT) margin of 16.48%.

Possession of almost all the flats in the Vicinia project is expected to be given in FY25. Therefore, most of the revenue from the real estate project is expected to be recognized within the year. Revenue from the engineering segment, which includes the Coding and Industrial Automation Business (CIAB), increased by about 29%, from Rs. 24 crore in FY23 to Rs. 31 crore in FY24. Operations in H1FY25 are in line with FY24 performance. Although the segment reported a minor loss of Rs. 0.23 crore in FY24, it is expected to break even in FY25 with steady business scaling. The company liquidated the loss-making European operations operated under Forbes Lux International AG (FLIAG) during H1FY24.

The company has monetized its assets (land bank, shipping vessels, and investments in subsidiaries) in past, reducing the debt. As of March 31, 2024, the company has only Rs. 5 crore of lease liability and no term debt on the books. Term debt of Rs. 6.58 crore has also been transferred to Forbes Precision Tool Ltd during the demerger. Overall gearing thus improved from 3.51x as of March 31, 2022, to 0.07x as of March 31, 2024

**Experienced promoter group:**

FCL is a part of the Shapoorji Pallonji group and benefits from the legacy of more than 159 years of operations in various businesses of the group. The flagship company of the group i.e. Shapoorji Pallonji and Company Private Limited (SPCPL, rated CARE BBB-; Negative/CARE A3) is one of the leading construction companies of India.

The Shapoorji Pallonji group is an extensive conglomerate with business interests in several sectors such as real estate, coal mining, power, ports, roads, biofuels & agriculture, shipping & logistics, consumer products, textiles etc. Most of Shapoorji Pallonji groups' businesses are held by SPCPL as subsidiaries.

## Key weaknesses

### Restricted size and scale, post demerger of precision tools business:

The business profile of FCL has undergone change with demerger of EFL along with liquidation/dissolvement of European subsidiaries demerger of the precision tool business. The revenue from the overall engineering segment has been curtailed with the demerger of the precision tools business thereby resulting in de-growth in business operation. Further, the CIAB segment reported a minor loss of Rs. 0.23 crore in FY24 due to the fixed costs associated. However, as the company scales up CIAB operations, it is expected to break even in FY25. Ability of the company to scale up the CIAB business and report profit from the segment would drive the growth prospects.

The company also has real-estate properties valued at approximately Rs. 677 crore as of March 31, 2024, primarily located in Maharashtra, Gujarat, and West Bengal, which offer development potential. However, the plans are not yet firmed up. Debt-funded development projects, which could impact debt coverage metrics, will be a key monitorable.

### FTL filing for Insolvency:

The IT segment of FCL is operated under-subsiary, Forbes Technosys Limited (FTL). FTL has been experiencing liquidity issues due to operational losses and muted demand, leading to networth erosion. Between FY19 and FY24, the revenue of FCL's IT segment decreased significantly from Rs. 124 crore in FY19 to just Rs. 1 crore in FY24, with networth eroded by accumulated losses of Rs. 183 crore as on March 31, 2024. Consequently, FTL has filed for a Corporate Insolvency Resolution Process (CIRP) before the National Company Law Tribunal. Therefore, no major revenue is expected from the IT segment going forward. However, there is no further provision expected for the entity.

### Profitability susceptible to cyclicality in auto segment:

The engineering business derives majority of revenue from the automobile companies as end users. Hence the business and profitability would be susceptible to cyclicality in the auto segment and also availability/fluctuation in input prices.

### Liquidity: Adequate

The liquidity profile of FCL at a consolidated level is adequate with no debt repayment scheduled in the projected period. As on September 30, 2024, the cash and bank balance stood at Rs. 50.49 crore and Rs. 54.95 crore respectively at standalone and consolidated level respectively. FCL also has sanctioned working capital limits of Rs.4 crore which remains unutilized during the past 12 months period ended October 30, 2024.

### Assumptions/Covenants: Not Applicable

### Environment, social, and governance (ESG) risks: Not Applicable

## Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Rating methodology for Real estate sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

FCL is a public listed entity and a subsidiary of Shapoorji Pallonji's flagship company Shapoorji Pallonji and Company Private Limited, the holding-cum-operating company of the SP group. Forbes & Company Limited was established in India in 1767 by John Forbes. Over the years, the management of the company moved to various business houses like the Forbes, Campbells, the Tata Group. In FY02, the company's shareholding underwent a restructuring and Shapoorji Pallonji (SP) group acquired a majority stake of 72.56% of the share capital of the company and it became a subsidiary of SPCPL. 1.29% of shares of FCL are held by Forbes Campbell Finance Limited (subsidiary of FCL) and the remaining is held by Public.

FCL on a standalone basis operates under two divisions: engineering and real estate, with IT business under subsidiary. The European subsidiaries namely, FLIAG and LIAG have been liquidated/dissolved on August 14, 2023.

Brief Financials (₹ crore) (Consolidated)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	47	126	70
PBILDT	-29	5	9
PAT	179	19	10
Overall gearing (times)	0.04	0.07	0.06
Interest coverage (times)	-3.00	2.91	20.93

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	42.58	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	March 2026	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	7.50	CARE A3

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB- (RWD) (02-Jan-24)	1)CARE BBB- (RWD) (27-Dec-22) 2)CARE BBB- (CW with Developing Implications) (07-Oct-22)	1)CARE BBB-; Stable (10-Mar-22) 2)CARE BB+ (CW with Positive Implications) (28-Sep-21)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (10-Mar-22) 2)CARE BB+ (CW with Positive Implications) (28-Sep-21)
3	Fund-based - LT-Cash Credit	LT	42.58	CARE BBB-; Stable	-	1)CARE BBB- (RWD) (02-Jan-24)	1)CARE BBB- (RWD) (27-Dec-22) 2)CARE BBB- (CW with Developing Implications) (07-Oct-22)	1)CARE BBB-; Stable (10-Mar-22) 2)CARE BB+ (CW with Positive Implications) (28-Sep-21)
4	Non-fund-based - ST-BG/LC	ST	7.50	CARE A3	-	1)CARE A3 (RWD) (02-Jan-24)	1)CARE A3 (RWD) (27-Dec-22) 2)CARE A3 (CW with Developing Implications) (07-Oct-22)	1)CARE A3 (10-Mar-22) 2)CARE A4+ (CW with Positive Implications) (28-Sep-21)

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable****Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

### Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

### Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
	<b>Subsidiaries:</b>		
1.	Forbes Campbell Finance Limited	Full	Wholly owned subsidiary
2.	Forbes Technosys Limited	Full	Wholly owned subsidiary
3.	Volkart Fleming Shipping and Services Limited	Full	Wholly owned subsidiary
4.	Campbell Properties & Hospitality Services Limited	Full	Wholly owned subsidiary
5.	EFL Mauritius Limited	Full	Wholly owned subsidiary
	<b>Joint Ventures:</b>		
6.	Forbes Macsa Private Limited	Proportionate	50% owned subsidiary
7.	Forbes Bumi Armada Limited (JV of Forbes Campbell Finance Limited)	Proportionate	51% owned subsidiary
	<b>Associates:</b>		
8.	Nuevo Consultancy Services Private Limited	Moderate	49% owned subsidiary
9.	Dhan Gaming Solution (India) Private Limited	Moderate	49% owned subsidiary

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.