

October 30, 2018

National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Dear Sirs,

Intimation under Regulation 51(2) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 - Rating/revision in credit rating of various facilities

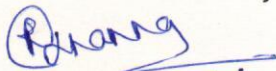
Pursuant to Regulation 51(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, we wish to inform you that ICRA Limited has Reaffirmed/ revised credit rating of various facilities as follows:

Facilities	Amount (Rs. Crores)	Rating
Long-term- Loans	39.00	[ICRA]A+ (SO)(Negative); revised from [ICRA]AA-(SO) (Negative)
Long-term fund-based Limits	48.00	[ICRA]A+ (SO)(Negative); revised from [ICRA]AA-(SO) (Negative)
Short-term non-fund based Limits	32.00	[ICRA]A1+(SO) (Reaffirmed)
Non-Convertible Debenture Programme (INE465R08040)	35.00	[ICRA]A+(SO)(Negative); revised from [ICRA]AA-(SO) (Negative)
Non-Convertible Debenture Programme (INE465R08032)	25.00	
Long-term- Loan	20.00	[ICRA]AA- (S) (Stable); outstanding

We are also enclosing rationale given by ICRA for revision in ratings of Non-convertible Debentures and Long term fund - based Facilities and for reaffirming Short term non-fund facilities.

Thanking you

Yours faithfully,
For Forbes Technosys Limited



Rupa Khanna
Company Secretary
Encl: As above

Forbes Technosys Limited

Corporate Office:-Plot No. C-17 & 18; Road No. 16, Wagle Industrial Estate, Thane (W) - 400 604, India
(T) +91 22 40639595, (FAX) +91 22 40639516, www.forbestechnosys.com
Regd. Office: Forbes Building, Charanjit Rai Marg, Fort, Mumbai - 400 001, India
Corporate Identity Number - U29290MH1991PLC062425

Forbes Technosys Limited

October 26, 2018

Forbes Technosys Limited: Long-term rating downgraded to [ICRA]A+(SO)(Negative); Short-term rating reaffirmed

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term- Loans	39.0	39.0	[ICRA]A+ (SO)(Negative); downgraded from [ICRA]AA-(SO) (Negative)
Long-term fund-based Limits	48.0	48.0	[ICRA]A+ (SO)(Negative); downgraded from [ICRA]AA-(SO) (Negative)
Short-term non-fund based Limits	32.0	32.0	[ICRA]A1+(SO); reaffirmed
Non-Convertible Debenture Programme	35.0	35.0	[ICRA]A+ (SO)(Negative); downgraded from [ICRA]AA-(SO) (Negative)
Non-Convertible Debenture Programme	25.0	25.0	[ICRA]A+ (SO)(Negative); downgraded from [ICRA]AA-(SO) (Negative)
Long-term- Loan	20.0	20.0	[ICRA]AA- (S) (Stable); outstanding
Total	199.0	199.0	

*Instrument details are provided in Annexure-1

Rating action

ICRA has downgraded the long-term rating to [ICRA]A+(SO) (pronounced ICRA A plus Structured Obligation)¹ from [ICRA]AA-(SO) (pronounced ICRA double A minus Structured Obligation) assigned to the Rs. 39.0-crore² term loans, the Rs. 48.0-crore fund-based limits and the Rs. 60.0-crore non-convertible debenture (NCD) programme of Forbes Technosys Limited (FTL). ICRA has also reaffirmed the short-term rating at [ICRA]A1+(SO) (pronounced ICRA A one plus Structured Obligation) assigned to the Rs. 32.0-crore non-fund based limits of the company. The outlook on the long-term rating continues to remain Negative. The letters SO in parenthesis suffixed to the rating symbol stand for Structured Obligation. An (SO) rating is specific to the rated facility, its terms, and its structure. An SO rating does not represent ICRA's opinion on the general credit quality of the entity concerned.

ICRA also has a rating outstanding of [ICRA]AA-(S) (pronounced ICRA double A minus S) with a Stable outlook for the Rs. 20.0-crore of term loan facility of the company. The rating assigned is based on a letter of comfort from Shapoorji Pallonji and Company Private Limited (SPCPL; rated [ICRA]AA+(Stable) and [ICRA]A1+). The letter S in parenthesis suffixed to a rating symbol denotes that the rating is supported by a letter of comfort.

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

² 100 lakh = 1 crore = 10 million

Rationale

The ratings for the Rs. 60.0-crore NCD programme and the Rs. 119.0-crore bank facilities are based on the strength of an unconditional and irrevocable corporate guarantee by Forbes & Company Limited (FCL). The revision in long-term rating of FTL follows the revision in the long-term rating of FCL. Currently, FCL has ratings outstanding of [ICRA]A+(Negative)/[ICRA]A1+.

The rating for the Rs. 60.0-crore NCD factors in the payment mechanism designed to ensure timely payment on the rated NCD as per the terms of the transaction. The ratings for the Rs. 119-crore bank facilities of FTL is based on an unconditional and irrevocable guarantee provided by FCL (rated [ICRA]A+(Negative)/[ICRA]A1+) and an undertaking from the guarantor to ensure that the debt obligations are serviced on or prior to the due date, irrespective of the invocation of the guarantee by the beneficiary.

Outlook: Negative/Stable

The outlook on the long-term rating for FCL is Negative, and Stable for SPCPL. Accordingly, the Rs. 60.0-crore NCD programme and the Rs. 119-crore bank facilities carry a Negative outlook, while the Rs. 20-crore term loan covered by the letter of comfort carries a Stable outlook.

Key rating drivers

Credit Strengths

Corporate Guarantee from FCL – FTL’s ratings for the NCD programme and bank limits is based on the strength of an unconditional and irrevocable corporate guarantee by FCL (rated [ICRA]A+(Negative)/[ICRA]A1+). Further, there is high likelihood of financial assistance from FCL supporting timely debt servicing by FTL, given the former’s reputational considerations.

Letter of Comfort from SPCPL - The rating for the Rs. 20.00-crore term loan is based on the strength of the letter of comfort from SPCPL (rated [ICRA]AA+(Stable)/[ICRA]A1+).

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Approach for Rating Debt Instruments Backed by Third-Party Explicit Support](#)

About the company

FTL, a Shapoorji Pallonji Group company, is a subsidiary of FCL. Initially incorporated as Wandel & Goltermann & Forbes Limited on July 9, 1991, the company was renamed as Forbes Technosys Limited in July 2004, after being non-operative for more than a decade. Since then, FTL underwent a number of changes with respect to its business activities. FTL’s current business include self-service automation (kiosks and multi-function ATMs), imaging solutions, financial inclusion solutions, enterprise mobility solutions, banking automation solutions, retail automation products, e-payment solutions, e-stamping solutions, recharge and ticketing solutions, and managed services. Its customers include leading banks, insurance players, telecom companies, power companies, utilities, retailers, airlines and Government organisations.

About the Guarantor

FCL traces its origins back to 1767, when John Forbes of Scotland started his business in India. Over the years, the management of the company moved from the Forbes family to the Campbells, and then to the Tata Group before going to the SPG. During this period, the company also went through a series of mergers and demergers and had to disengage from different businesses. Initially known as Forbes Gokak Limited, the company was renamed to Forbes & Company Limited with effect from October 25, 2007. The SP Group holds about 73.85% of the paid-up share capital of FCL.

Post various divestments and business discontinuations, the standalone operations of FCL include its engineering business (comprising precision tools and coding business) and development of a residential project (Vicinia in Chandivali, Mumbai). In addition, FCL earns substantial income from its treasury operations and its real estate holdings.

Further, FCL has number of subsidiary companies, joint ventures and associate companies. In terms of revenue contribution, on a consolidated basis, EFL (100% subsidiary of FCL) drives more than 80% of the total operating income of the company. The other major Group companies that contribute to the overall revenues of the consolidated entity include FTL (100% subsidiary of FCL) and SPFSL (JV with Sterling Investment Corporation Limited and GS Enterprises, a Shapoorji Pallonji Group company, with FCL holding 25% stake).

Key financial indicators (Audited)

Rs. Crore	FTL		FCL (Consolidated)	
	FY2017	FY2018	FY2017	FY2018
Operating Income (Rs. crore)	247.6	130.6	2998.6	2822.9
PAT (Rs. crore)	-16.1	-12.3	70.7	-41.6
OPBDIT/ OI (%)	-0.2%	4.8%	3.6%	4.7%
RoCE (%)	-	-	11.3%	5.7%
Total Debt/ TNW (times)	-	9.5	2.6	2.7
Total Debt/ OPBDIT (times)	-	24.2	10.9	8.9
Interest Coverage (times)	-	0.6	1.4	1.3

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, and Taxes; ROCE: PBIT/Avg (Total Debt + Tangible Net Worth (TNW) + Deferred Tax Liability - Capital Work-in-Progress)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Instrument	Type	Current Rating (FY2019)			Chronology of Rating History for the past 3 years							
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2018				Date & Rating in FY2017		Date & Rating in FY2016	
				October 2018	January 2018	October 2017	September 2017	July 2017	March 2017	September 2016	September 2015	
1	Term loans	Long-term	39.0	28.0	[ICRA]A+(SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Stable)	[ICRA]AA- (SO) (Stable)	[ICRA]AA- (SO) (Stable)	[ICRA]AA- (SO) (Stable)
2	Fund-based Limits	Long-term	48.0	-	[ICRA]A+(SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Stable)	[ICRA]AA- (SO) (Stable)	[ICRA]AA- (SO) (Stable)	[ICRA]AA- (SO) (Stable)
3	Non-fund Based Limits	Short-term	32.0	-	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)
4	NCD	Long-term	35.0	35.0	[ICRA]A+(SO) (Negative)	[ICRA]AA- (SO) (Negative)	Provisional [ICRA]AA- (SO) (Negative)	-	-	-	-	-
5	NCD	Long-term	25.0	25.0	[ICRA]A+(SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Negative)	[ICRA]AA- (SO) (Stable)	Provisional [ICRA]AA- (SO) (Stable)	-	-
6	Term loan (S)	Long-term	20.00	11.4	[ICRA]AA-(S) (Stable)	[ICRA]AA-(S) (Stable)	-	-	-	-	-	-

Note: Amount outstanding as on March 31, 2018

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 No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE465R08040	NCD	18-Oct-2017	9.90%	18-Oct-2020	35.00	[ICRA]A+ (SO) (Negative)
INE465R08032	NCD	20-Mar-2017	10.38%	20-Mar-2020	25.00	[ICRA]A+ (SO) (Negative)
NA	Term Loan 1	Aug-2016	NA	August-2021	27.00	[ICRA]A+ (SO) (Negative)
NA	Term Loan 2	Dec-2016	NA	Dec-2018	12.00	[ICRA]A+ (SO) (Negative)
NA	Term Loan 3	Dec-2015	NA	Mar-2020	20.00	[ICRA]AA- (S) (Stable)
NA	Cash Credit	-	-	-	48.00	[ICRA]A+ (SO) (Negative)
NA	Letter of Credit and Bank Guarantee	-	-	-	32.00	[ICRA]A1+ (SO)

Source: Forbes Technosys Limited