

**March 05, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Overdraft	5.15	SMERA B-/Stable (Assigned)
Bank Guarantee	8.85	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B-**' (read as **SMERA single B minus**) and '**SMERA A4**' (read as **SMERA A four**) to the Rs.14.00 crore bank facilities of Teknow Overseas Pvt. Ltd. (TOPL). The outlook is '**Stable**'. The ratings are constrained by the company's small-scale operations in an intensely competitive segment of the civil construction industry. The ratings are also constrained by the company's low net profit margins. However, the ratings are supported by the company's experienced management and reputed clientele.

TOPL, established in 1977, is a New Delhi-based company engaged in providing civil construction services. The company has small-scale operations marked by operating income of Rs.15.96 crore in FY2013-14 (refers to financial year, April 01 to March 31). TOPL operates in an intensely competitive segment of the civil construction industry. The company's net profit margin is low at 0.07 per cent in FY2013-14. TOPL's net profit of Rs.0.01 crore (in FY2013-14) is largely supported by non-operating income of Rs.1.58 crore.

TOPL benefits from its experienced management. The directors of the company have around two decades of experience in the civil construction industry. TOPL also benefits from its established relations with various reputed clients such as Bharat Heavy Electricals Limited, Jindal Steel and Power Limited, Paharpur Cooling Tower Limited and Siemens Limited.

#### **Outlook: Stable**

SMERA believes TOPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues and profit margins.

#### **About the company**

TOPL, established in 1977, is a New Delhi-based company promoted by Mr. Shekhar Gupta and Mrs. Samita Gupta. TOPL is engaged in providing civil construction services.

For FY2013-14, TOPL reported profit after tax (PAT) of Rs.0.01 crore on operating income of Rs.15.96 crore, as compared with PAT of Rs.1.14 crore on operating income of Rs.28.80 crore in FY2012-13. The company's net worth stood at Rs.7.53 crore as on March 31, 2014, as compared with Rs.7.35 crore a year earlier.

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