



July 21, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit*	2.75 (Reduced from Rs.3.00)	SMERA BB/Stable (Reaffirmed)
Term Loan	1.38 (Reduced from Rs.1.92)	SMERA BB/Stable (Reaffirmed)
Bank Guarantee#	0.75 (Reduced from Rs.1.25)	SMERA A4+ (Reaffirmed)

*Includes EPC/FBD as a sublimit to the extent of Rs.1.50 crore

#Includes letter of credit as a sublimit to the extent of Rs.0.10 crore

SMERA has reaffirmed ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) on the abovementioned bank facilities of Techno Designs (TD). The outlook is '**Stable**'. The ratings continue to derive support from the firm's long track record of operations, experienced management, diversified clientele and strong project execution capability. The ratings are further supported by the firm's healthy financial profile and moderate order book position. However, the ratings are constrained by the firm's small scale of operations and uneven profit margins. The ratings are also constrained by the decline in the firm's revenues.

Update

TD reported profit after tax (PAT) of Rs.1.58 crore on revenue of Rs.19.11 crore in FY2012-13 (refers to financial year, April 01 to March 31), as compared with PAT of Rs.1.10 crore on revenue of Rs.17.67 crore in FY2011-12. Further, the firm reported net profit of Rs.1.59 crore (provisional) on revenue of Rs.10.07 crore (provisional) in FY2013-14.

TD maintained a comfortable financial risk profile, as reflected in total debt to tangible net worth (TD/TNW) ratio of 1.22 times as on March 31, 2013 and interest coverage ratio of 6.18 times in FY2012-13.

The firm's operations remain susceptible to the inherent cyclicity in the capital goods industry. TD's revenues reduced from Rs.19.11 crore in FY2012-13 to Rs.10.07 crore in FY2013-14, a decline of ~47 per cent.

Outlook:Stable

SMERA believes TD will maintain a stable business risk profile on the back of experienced management, strong customer profile and comfortable capital structure. TD's ability to scale up operations while achieving healthy profit margins and comfortable liquidity metrics remains the key rating sensitivity.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

**About the firm**

TD, established in 1992 is a Gujarat-based proprietorship firm promoted by Mr. Kishor Bajaj, an engineer with around three decades of experience in the capital goods industry. TD is engaged in manufacturing of various capital goods, including mills, rotary vacuum dryers, industrial dissolvers, plough blender-reactors and high-speed dissolvers. The firm caters to several reputed customers across various industries, such as minerals, paints, resins, chemicals and pharmaceuticals.

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