

### New-Tech Infrastructure Private Limited: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Term Loan (Proposed)	17.00	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B' (read as SMERA B)** on the Rs.17 crore proposed bank facility of New-Tech Infrastructure Private Limited (NTIPL). The outlook is '**Stable**'. The rating derives comfort from the experienced management. However, the rating is constrained by the saleability risk and weak financial risk profile of the company. The rating also factors in the intense market competition and cyclicity in the real estate sector.

NTIPL, part of the Nocil Steels Group, was incorporated in 2007 by Mr. Naresh K Mehta, Managing Director and Mr. Dilip K Mehta, Director. The directors have around 17 years of experience in the construction industry. The company is engaged in the development of infrastructure projects.

NTIPL has developed a commercial project, Neo Logistics Park at Taloja MIDC (Thane) consisting of 125 godowns on 2,84,011 sq. ft. of land with saleable area of 1,43,748 sq. ft. The project was completed in FY2015 and the company sold around 76 godowns as on March 31, 2016. Out of the expected consideration of Rs.50.00 crore, the company received Rs.18.00 crore from units sold as on March 31, 2016. The company has leased five godowns and received bookings for around 25 of the remaining.

NTIPL's financial risk profile is weak marked by low networth of Rs.6.35 crore as on March 31, 2016 and high gearing (Debt-equity) of 2.63 times as on March 31, 2016. The debt service coverage ratio (DSCR) stood low at 0.03 times as on March 31, 2016.

Further, the company is exposed to intense market competition and susceptible to the current slowdown in the real estate industry.

#### Rating Sensitivity Factors

- Realising sale for finished stock
- Changes in financial risk profile

#### Outlook-Stable

SMERA believes that NTIPL will benefit from its experienced management. The outlook may be revised to 'Positive' if the company generates steady cash flows through timely sale of the remaining godowns. Conversely, the outlook may be revised to 'Negative' if the company faces liquidity pressure on account of delays in receipt of customer advances or is unable to realise sales.

#### About the Company

NTIPL, was incorporated in 2007, by Mr. Naresh K Mehta, Managing Director and Mr. Dilip K Mehta, Director. The company is part of the Nocil Steels Group which is engaged in the development of residential as well as commercial property. The group is also into steel manufacturing.

For FY2015-16, the company reported profit after tax (PAT) of Rs.0.14 crore on operating income of Rs.5.69 crore, as compared to PAT of Rs.0.07 crore on operating income of Rs.3.63 crore in the previous year.

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