

Press Release

Techman Buildwell Private Limited

March 03, 2017

Rating Assigned

| | |
|-------------------------------------|-----------------------------|
| Total Bank Facilities Rated* | Rs. 30.00 Cr. |
| Long Term Rating | SMERA BB+ / Outlook: Stable |

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB+**' (read as SMERA BB plus) on the Rs. 30.00 crore bank facilities of Techman Buildwell Private Limited. The outlook is '**Stable**'.

Techman Buildwell Private Limited (TBPL) was incorporated in 1997 by Mr. Vishwa Nath Agarwal in Delhi. The company is engaged in the business of developing real estate projects in Ghaziabad and Mathura. It has completed 32 projects in the past and has six ongoing projects.

Key Rating Drivers

Strengths

- **Experienced management**

TBPL is expected to continue to benefit from the over four decades of experience of the promoters in the real estate industry. The ratings also draw comfort from the long operational track-record of the company - evident from the completion of 32 projects.

- **Well established market position**

The ratings are supported by the well established market position of the company marked by strong brand equity and longstanding relationship with various stakeholders and financial institutions. The company has developed its own township in Mathura - Techman City, and is a well-known brand in the real estate sector in Uttar Pradesh.

- **Healthy financial risk profile**

The ratings factor in the comfortable gearing of the company which stood at 0.98 times as on 31st March, 2016 as against 0.73 times as on 31st March, 2015. Going forward, the healthy internal accruals and financial support from promoters is expected to result in a comfortable gearing over the medium term.

Weaknesses

- **Intense competition**

The ratings are constrained by the highly competitive nature of the real estate industry. Adverse demand-supply mismatches coupled with muted credit growth and consumption trends is expected to put a downward pressure on real estate prices. SMERA believes that TBPL's ability to maintain offtake and mobilise advances in a timely manner shall remain key credit monitorables.

- **Exposure to offtake risk**

TBPL is exposed to substantial offtake risk on account of the modest level of advances received for its projects in Mathura. SMERA believes that given the muted growth in the real estate sector in the aftermath of demonetisation shall continue to weigh down on the advances of the company.

Analytical Approach

SMERA has taken a standalone view of the financial and business risk profiles of TBPL.

Outlook: Stable

SMERA believes that TBPL will maintain a Stable outlook on account of its experienced management and comfortable capital structure. The outlook may be revised to Positive in case of higher than expected inflow of advances and substantial increase in the overall liquidity maintained by the company. The outlook may be revised to Negative in case of delays in project completion and/or cost escalation in ongoing projects.

About the Rated Entity - Key Financials

In FY2016, TBPL reported Profit After Tax (PAT) of Rs.1.22 cr on operating income of Rs.34.59 cr against PAT of Rs.0.75 cr on operating income of Rs.39.14 cr in FY2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Complexity Level Of Financial Instruments - <https://www.smera.in/criteria-complexity-levels.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|--------------------|
| Term loans | Not Applicable | Not Applicable | Not Applicable | 10.00 | SMERA BB+ / Stable |
| Proposed | Not Applicable | Not Applicable | Not Applicable | 20.00 | SMERA BB+ / Stable |

Contacts

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ABOUT SMERA

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