

Press Release

Tech Green Enterprises (TGE)

25 January, 2018



Rating Assigned

Total Bank Facilities Rated	Rs. 6.10 crore
Long Term Rating	SMERA B+ / Stable (Assigned)

Rating Rationale

SMERA has assigned long term rating of '**SMERA B+**' (read as SMERA B Plus) on the above mentioned bank facilities of Tech Green Enterprises (TGE). The outlook is '**Stable**'.

TGE established in 2015, is a Haryana-based partnership firm promoted by Mr. Praveen Kumar Binderdev Kamboj and Mr. Chetan Rai Kamboj. The firm is engaged in the manufacturing of laminates used in the furniture industry. Commercial operations commenced from November, 2016. The firm procures raw material such as craft paper, design paper and chemicals (phenol, mylemine, formaldehyde) from Gujarat and sells decorative laminated sheets across Punjab, Haryana, Uttar Pradesh and Orissa.

List of key rating drivers and their detailed description:

Strengths

Experienced management

TGE is engaged in the manufacturing of decorative laminates from 2015. The firm was promoted by Mr. Praveen Kumar Binderdev Kamboj and Mr. Chetan Rai Kamboj who possess experience of about three years in the industry. The second line of management includes Mr. Chandrashekhar Das (Production Manager) and Mr. Karam Verma (Marketing Manager) with experience of around three decades.

Weaknesses

Nascent stage of operations

The firm commenced operations from November, 2016. The operating revenue stood at Rs. 7.83 crore from April to December, 2017 and Rs.1.27 crore from November to March, 2017. The firm has orders in hand of Rs. 5.00 crore as on date.

SMERA believes that TGE will be able to maintain a moderate business risk profile over the near to medium term on the back of its experienced management.

Competition from small and established players

TGE operates in a highly fragmented industry with limited entry barriers wherein the presence of large number of players in the unorganised sector limits its bargaining power with customers.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of the firm to arrive at the rating.

Outlook - Stable

SMERA believes that will maintain a Stable outlook on account of the extensive experience of the management and its credit profile in the medium term. The outlook may be revised to 'Positive' in case the firm receives higher than expected revenue and profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower than expected profit margins, higher than expected debt funded working capital requirements and capital expenditure.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)*	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	1.27	NA	NA
EBITDA	Rs. Cr.	0.43	NA	NA
PAT	Rs. Cr.	0.18	NA	NA
EBITDA Margin	(%)	33.72	NA	NA
PAT Margin	(%)	14.11	NA	NA
ROCE	(%)	7.48	NA	NA
Total Debt/Tangible Net Worth	Times	1.14	NA	NA
PBDIT/Interest	Times	1.72	NA	NA
Total Debt/PBDIT	Times	14.23	NA	NA

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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>

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

None

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 Loan	Not Applicable	Not Applicable	Not Applicable	6.10	SMERA B+/Stable

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ABOUT SMERA

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