

Press Release

Techno Global Services Private Limited



18 May, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	SMERA BB-/ Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-** (read as SMERA double B minus) and short term rating of '**SMERA A4+** (read as SMERA A four plus) on the Rs. 9.00 crore bank facilities of Techno Global Services Private Limited (TGSPL). The outlook is '**Stable**'.

Established in 2008 as a partnership firm and later converted as a private limited company in 2012- Techno Global Services Private Limited (TGSPL) is engaged in laying of gas pipeline for retail, domestic and industrial consumers. The company undertakes tender based contract to execute projects for GAIL India Limited, Haridwar Natural Gas Private Limited, Green Gas Limited (SMERA rated A+/Stable/ A1+) and Bhagyanagar Gas Limited. The company is promoted by Mr. Apurba Swain and Mrs. Somdutta Swain.

Key Rating Drivers

Strengths

Experienced management

The promoter Mr. Apurba Swain and Mrs. Somdutta Swain has nearly a decade of experience in laying of oil and gas pipeline.

Moderate Order Book Position

The company has moderate order book position of Rs 64.90 cr as on 31st March'18 which is likely to be executed in the next 3-4 years which provides revenue visibility in the medium term.

Weaknesses

Modest scale of operations

The operating income stands at modest level with revenue of Rs 15.15 cr in FY 17 as compare to Rs 10.73 cr in the previous year. During FY 2018, the company has registered revenue of ~ Rs 18 cr till 31st March' 18 (provisional).

Moderate Financial Risk Profile

The financial risk profile of the TGSPL is moderate marked by low net worth, moderate gearing and comfortable debt protection metrics. The net worth of the company stood at Rs 2.11 crore in FY2017 as against Rs 1.59 crore in FY 2016. Gearing (Debt equity) stands moderate at 1.66 times in FY 2017 as against 2.47 times in FY 2016. Total debt of Rs 3.51 crore in FY 2017 consist of working capital facilities of Rs 2.62 crore and Rs 0.70 crore of term loan and Rs 0.18 crore of unsecured loan from directors. The interest coverage ratio and DSCR stood comfortable at 2.49 times and 2.07 times in FY 2017 as against 2.20 times and 1.90 times in FY 2016. Moreover, NCA/TD stood healthy at 0.17

times in FY2017 as against 0.10 times in FY 2016.

Stretched Receivable position

The receivables are stretched as reflected from the debtor days of 126 as on 31st March'17 as compare to 144 days as on 31st March'16. The stretched position is on account of executing 100 % of its projects for government companies where payment realizations are delayed due to procedural hazards.

Outlook: Stable

SMERA believes that TGSPL will continue to benefit over the medium term from the promoters experience and order book position. The outlook may be revised to 'Positive' if the firm achieves more than envisaged sales and profitability while improving its receivable cycle. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve growth in revenue and profitability and the financial risk profile further deteriorates owing to higher-than-expected increase in debt-funded working capital requirement on account of stretched receivable cycle.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	15.15	10.73	7.93
EBITDA	Rs. Cr.	1.29	0.88	1.13
PAT	Rs. Cr.	0.52	0.31	0.09
EBITDA Margin	(%)	8.50	8.18	14.28
PAT Margin	(%)	3.42	2.92	1.11
ROCE	(%)	23.48	14.48	24.16
Total Debt/Tangible Net Worth	Times	1.66	2.47	4.10
PBDIT/Interest	Times	2.49	2.22	1.89
Total Debt/PBDIT	Times	2.52	4.18	4.20
Gross Current Assets (Days)	Days	201	254	231

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

None

Analytical Approach

SMERA has taken a standalone view of the business and financial risk profile of TGSPL.

Any other information

None

Applicable Criteria

- Default Recognition -<https://www.smera.in/criteria-default.htm>
- Service Entities -<https://www.smera.in/criteria-service.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	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA BB-/Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA A4+ (Assigned)

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ABOUT SMERA

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