

## Press Release

Techno Global Services Private Limited

December 21, 2022



### Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.50	ACUITE BB   Reaffirmed & Withdrawn	-
Bank Loan Ratings	9.00	-	ACUITE A4+   Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	11.50	-	-

### Rating Rationale

Acuite has reaffirmed and withdrawn the long term rating to '**ACUITE BB**' (read as **ACUITE double B**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.11.50 crore bank facilities of Techno Global Services Private Limited. The rating has been withdrawn on Acuite's policy of withdrawal of ratings. The rating has been withdrawn on account of the request received from the company, and the NOC received from the banker.

### Rationale for the rating

The rating reaffirmation takes into account of the improvement in the operating income of the company, The rating also draws comfort from experienced promoter and the company's long track record in the industry. These strengths are however, offset by the working capital intensive in nature of operations along with average financial risk profile.

### About the Company

Incorporated in 2012, Techno Global Services Private Limited (TGSP) is based in Kolkata and promoted by Mr. Apurba Swain. The company undertakes projects for laying of the gas pipeline (Piped natural gas and compressed Natural gas to retail customers, including domestic, commercial, industrial, and automobile sectors).

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of TGSP to arrive at the rating.

### Key Rating Drivers

#### Strengths

Experienced management and long track record of operations

The company is engaged in undertaking infrastructure projects for laying of gas pipelines and is managed by Mr. Apurba Swain who possesses more than a decade of experience in the industry which has helped the company to establish strong market position. The company has strong clientele comprising of Green Gas Limited, Gail India Limited, Gail Gas Limited, Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL) among others. Acuité believes that the company will continue to benefit from the experienced management over medium over medium-term.

### **Average financial risk profile**

TGSPL's average financial risk profile is marked by low but improving net worth, comfortable gearing and healthy debt protection metrics. The tangible net worth has increased to Rs. 14.89 Cr. in FY2022 as compared to Rs.9.01 Cr in FY 2021. This improvement in net worth due to retention of profit during FY2022. The gearing of the company stood at 0.67 times on FY 2022 as compared to 0.85 times as on FY 2021. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood high at 4.61 times as on FY 2022 as against 6.16 times as on FY 2021. The healthy debt protection metrics of the company marked by Interest Coverage Ratio (ICR) at 9.11 times as on FY 2022 as compared to 4.93 times as on FY 2021 and Debt Service Coverage Ratio at 6.71 times as on FY 2022 as compared to 3.77 times as on FY 2021. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.60 times as on FY 2022. Acuité believes that financial risk profile is expected to be remain average over the medium term in absence of major debt funded capex plans.

### **Weaknesses**

#### **Working capital intensive nature of operations**

The working capital-intensive nature of operations of the company is marked by high Gross Current Asset days (GCA) of 169 as on FY2022 as compared to FY2021. This high GCA days is emanates from high collection period. The debtor days stood comfortable at 95 days as on FY2022 as compared to 86 days as on FY2021. However, the inventory period stood comfortable at 16 days as on FY2022 & FY2021 respectively. Acuité believes that the working capital management of TGSPL will remain intensive given the nature of the industry.

#### **Competitive nature of industry coupled with business risk associated with tender-based order:**

TGSPL operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are number of small and regional players catering to the same market. TGSPL receives all its majority of work orders from government/public sector undertakings. The risk arises from the fact that any changes in geo-political environment and policy matters would affect all the projects at large.

### **Rating Sensitivities**

None

### **Material covenants**

None

### **Liquidity Position Adequate**

The company's liquidity position is adequate marked by net cash accruals of Rs.5.97 Cr in FY2022 as against nil long-term debt repayment during the same period. The current ratio stood at 1.40 times as on March 31, 2022, as compared to 1.05 times as on 31<sup>st</sup> March 2021. The cash and bank balances stood at Rs. 0.33 Cr. 2022. However, the working capital-intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 169 days as on March 31, 2022 as compared to 125 days as on 31<sup>st</sup> March 2021, due to the

extended collection mechanism. Acuité believes that going forward the liquidity position of the company will remain at similar levels due to the improving net cash accruals.

**Outlook:**

Not Applicable

**Other Factors affecting Rating**

None

**Key Financials**

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	150.43	123.05
PAT	Rs. Cr.	5.86	4.09
PAT Margin	(%)	3.90	3.33
Total Debt/Tangible Net Worth	Times	0.67	0.85
PBDIT/Interest	Times	9.11	4.93

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

None

**Any other information**

None

**Applicable Criteria**

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

**Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Nov 2021	Cash Credit	Long Term	2.50	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Bank Guarantee	Short Term	9.00	ACUITE A4+ (Reaffirmed)
26 Aug 2020	Cash Credit	Long Term	2.50	ACUITE BB-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	9.00	ACUITE A4+ (Reaffirmed)
05 Jun 2019	Bank Guarantee	Short Term	9.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	2.50	ACUITE BB-   Stable (Reaffirmed)
22 Apr 2019	Cash Credit	Long Term	1.50	ACUITE BB-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	7.50	ACUITE A4+ (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	9.00	ACUITE A4+   Reaffirmed & Withdrawn
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	2.50	ACUITE BB   Reaffirmed & Withdrawn

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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