

Press Release

Tec Workshop Interiors India Private Limited

August 03, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 7.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.7.00 crore bank facilities of TEC WORKSHOP INTERIORS INDIA PRIVATE LIMITED (TWII). The outlook is '**Stable**'.

Incorporated in 2006, TWII is a Chennai based company promoted by Mr. Anil Tewari and Mrs. Sarita Tewari. The company is engaged in manufacturing and execution of interior decoration projects for brands like ITC Hotels, The Oberoi Group, Taj Group of Hotels, GRT Hotels, Triguna Group and TCI Group among others. The company has 25,000 sq. ft. facility in Chennai (Tamil Nadu) for manufacturing of furniture and fixtures.

Key Rating Drivers

Strengths

- **Experienced management**

Mr. Anil Tewari have more than three decade of experience in interior designing, decoration and maintenance of hotels by virtue to his association with M/s Standard Painting and Decorator. The extensive experience of the promoters has helped the company to establish long standing relations with customers and suppliers.

Weaknesses

- **Weak financial risk profile**

TWII's financial risk profile is weak marked by low net worth, high gearing and below average debt protection metrics. The net worth increased to Rs.1.20 crore as on March 31, 2018 (Provisional) from Rs.1.08 crore on account of steady internal accrual. The gearing remained high at 4.27 percent as on March 31, 2018 (Provisional) as against 4.57 percent in the previous year. Total debt of Rs 5.13 consist of short term borrowings of Rs 5.04 Crore and long term debt of Rs 0.11 Crore. The debt protection metrics is modest as reflected by interest coverage ratio (ICR) and net cash accrual to total debt (NCA/TD) of 1.52 times and 0.07 times as on March 31, 2018 (Provisional).

- **Decline in scale of operations**

The company witnessed a decline in operating revenue from Rs.17.64 crore in FY2016 to Rs.8.58 crore in FY2018 (Provisional) due to lack of orders in hand. However, the company has been able to garner healthy order of Rs.25.00 crore to be executed in FY2018-2019 providing revenue visibility in for the medium term.

Analytical Approach

For arriving at the rating, Acuite has considered the standalone business and financial risk profiles of TWII.

Outlook: Stable

Acuite believes that the company will maintain a 'Stable' outlook over the medium term owing to its promoter's extensive experience in the industry. The outlook may be revised to 'Positive' in case of improvement in its revenue profile and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of further weakening of the financial risk profile and/or deterioration in revenue profile

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	8.58	7.47	17.64
EBITDA	Rs. Cr.	(0.25)	(0.72)	1.07
PAT	Rs. Cr.	0.13	0.12	(1.24)
EBITDA Margin	(%)	(2.89)	(9.60)	6.06
PAT Margin	(%)	1.47	1.58	(7.02)
ROCE	(%)	15.48	14.27	(16.35)
Total Debt/Tangible Net Worth	Times	4.27	4.57	5.91
PBDIT/Interest	Times	1.69	1.82	(0.32)
Total Debt/PBDIT	Times	4.25	3.88	(26.13)
Gross Current Assets (Days)	Days	519	531	241

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4

Contacts

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About Acuite Ratings & Research:

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