

Press Release

Technomark Engineers India Private Limited

February 04, 2021



Rating upgraded and withdrawn

Total Bank Facilities Rated	Rs.14.00 crore
Long Term Rating	ACUITE B- (Upgraded from ACUITE D and Withdrawn)
Short Term Rating	ACUITE A4 (Upgraded from ACUITE D and Withdrawn)

Rating Rationale

Acuité has withdrawn and upgraded the long term rating to '**ACUITE B-**' (**read as ACUITE B minus**) from '**ACUITE D**' (**read as ACUITE D**) and the short term rating to '**ACUITE A4**' (**read as ACUITE A four**) from '**ACUITE D**' (**read as ACUITE D**) on the Rs.14.00 crore bank facilities of Technomark Engineers India Private Limited(TEIPL).

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance with Acuité's policy on withdrawal.

The upgrade is on account of the timely payment of debt obligations by TEIPL in the past four months ended December 2020 based on the bank statements and feedback obtained from the banker.

Technomark Engineers India Private Limited (TEIPL) is a Kerala based company initially established as a proprietorship firm in 1988 and converted to private Limited in 2008. It is engaged in executing turnkey engineering projects such as mechanical, electrical and plumbing services. TEIPL recognized as Class A and licensed HT, EHT Contractor, in the states of Kerala, Karnataka and Andhra Pradesh.

Technomark group started in the year 1986 by Mr. Sukumaran Nair which is into various business such as Testing & Commissioning of Power Plants, Sub Stations and Process Plants, markets switchgear and other electrical related accessories, energy management, corporate training, among others. The other group entities are MNS Associates, technomark sales corporation, Cognitive learning solutions among others.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of TEIPL to arrive at this rating.

Key Rating Drivers

Strengths

- Established track record and experienced promoters**

TEIPL was started as a proprietorship firm in 1988 and converted to private Limited in 2008. It is promoted by Mr. R Sukumaran Nair, who possesses around four decades of experience in executing engineering projects. Earlier, he was associated with government electricity department in Saudi Arabia. Long standing operations and experience of the promoter in the industry has helped the company in associating with reputed clientele such as Asten Realtors Private Limited, St Gregorios Medical Mission Hospital, Gurudeva Institute of Medical Sciences, Al Abeer Educity, among others supported in securing repeat work orders

Weaknesses

- Below average financial risk profile**

The financial risk profile of the company is marked by modest net worth, high gearing and weak debt protection metrics. The net worth of the company stood at Rs. 6.77Cr. as on 31 March, 2020 as against Rs.6.43 Cr. as on 31st March, 2019. The gearing (debt-equity) stood at 3.41 as on March 31, 2020 against

3.50 on March 31, 2019. Moreover, the interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood low at 1.30 times and 0.96 times in FY2020 as compared to 1.35 times and 1.18 times in FY2019, respectively. The NCA/TD stood at 0.02 times in FY2020.

• Working capital intensive operations

The company's working capital operations are intensive marked by Gross Current Asset days of 841 days in FY2020 as against 670 days in FY2019. This is majorly on account of high debtor period of 680 days in FY2020. The inventory days stood at 23 days in FY2020 against 17 days in FY2019. Acuite believes that the company's operations are likely to remain working capital intensive on account of high credit period extended to its customers.

Rating Sensitivity

Not applicable

Material Covenants

None

Liquidity Profile: Stretched

The firm's liquidity is stretched marked by net cash accruals of Rs.0.46 crore in FY2020 against maturing obligations of Rs.0.55 crores in the previous year. The current ratio stood at 1.16 times as on March 31, 2020 as against 1.14 times as on March 31, 2019. The company maintains unencumbered cash and bank balances of Rs.0.02 crore as on March 31, 2020.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	13.49	17.53
PAT	Rs. Cr.	0.34	0.28
PAT Margin	(%)	2.51	1.58
Total Debt/Tangible Net Worth	Times	3.41	3.50
PBDIT/Interest	Times	1.30	1.35

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-51.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
13-Mar-2020	Overdraft	Long Term	11.00	ACUITE D (Downgraded from

				ACUITE B+/Stable) *Issuer not cooperating
	Bank Guarantee/Letter of Credit	Short Term	2.00	ACUITE D (Downgraded from ACUITE B+/Stable)
	Proposed long term bank facility	Long Term	1.00	ACUITE D (Downgraded from ACUITE B+/Stable) *Issuer not cooperating
18-Jan-2019	Overdraft	Long Term	11.00	ACUITE B+/Stable (Assigned)
	Bank Guarantee/Letter of Credit	Short Term	2.00	ACUITE A4 (Assigned)
	Proposed long term bank facility	Long Term	1.00	ACUITE B+/Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs.) Crore	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	11.00	ACUITE B- (Upgraded from ACUITE D and Withdrawn)
Bank Guarantee/Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4 (Upgraded from ACUITE D and Withdrawn)
Proposed long term bank facility	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE B- (Upgraded from ACUITE D and Withdrawn)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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