

FEBRUARY 03, 2015

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF TECHFAB INTERNATIONAL PVT LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Short-term Bank Facilities	31.00	CARE A2 [A Two]	Revised from CARE A3+ [A Three Plus]
Total Facilities	31.00		

Rating Rationale

The revision in the rating takes into account healthy growth in the total income and profits along with improvement in the financial risk profile of Techfab International Pvt Ltd (TIPL) marked by lower gearing and improved debt coverage indicators. The rating continues to derive strength from the experience of the promoter with long track record of operations and moderate revenue visibility supported with orders in hand. However, the rating is constrained by the company's small scale of operations, customer and geographic concentration risk and foreign exchange fluctuation risk. Going forward, the company's ability to scale up its operations, while maintaining its profitability margins and maintain a moderate capital structure would be the key rating sensitivities.

Background

Techfab International Pvt Ltd (TIPL) was incorporated in November 2006 by Mr Nakul Gupta. The company is engaged in trading (export) of medical, educational and training equipment (like X-ray machine, radiology machine, ultrasound machine, fabrication equipment etc.) as well as installation and commissioning thereof to African nations like Ghana, Malawi, Zambia, Uganda, etc. TIPL enters into various competitive bids invited by ministries (like ministry of health, ministry of education, ministry of science and technology, ministry of agriculture, etc.) for supplying these equipments in respective countries. These projects are funded by agencies like United Nations, World Bank, Development Bank of Africa, etc. TIPL sources these equipment from various countries like India, China, USA or European countries. In FY14 (refers to the period April 1 to March 31), the company's entire sales were from exports and it imported about 98% of its total traded equipment.

During FY14, on a total operating income of Rs.30.50 crore, the company reported a PBILDT and PAT of Rs.5.15 crore and Rs.2.89 crore, respectively. Furthermore, during H1FY15 (provisional) (refers to the period April 1 to September 30), the company reported a PBILDT of Rs.4.24 crore on a total operating income of Rs.25 crore

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691