

Press Release

TAURUS POWERTRONICS PRIVATE LIMITED (TPPL)



28 February, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 12.00 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 BB minus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 12.00 crore bank facilities of TAURUS POWERTRONICS PRIVATE LIMITED (TPPL). The outlook is '**Stable**'

TPPL is a Bangalore-based company incorporated in 2007 by Mr. Makaram Narasimhan Ravinarayan and Ms. Gayathri Ravinaraya. The company trades in test and measurement instruments for the power sector. It caters to power companies engaged in the generation, transmission, and distribution of power.

List of key rating drivers and their detailed description

Strengths

Experienced management

TPPL was incorporated in 2007 by Mr. Makaram Ravinarayan and Ms. Gayathri Ravinarayan. The promoters have over two decades of experience in the said line of business. This has helped build healthy relations with client and suppliers.

Average financial risk profile

TPPL has networth of Rs.4.85 crore as on 31 March, 2017 as against Rs.3.36 crore as on 31 March, 2016. The gearing (debt-to-equity) stood at 1.04 times as on 31 March, 2017 compared to 1.79 times as on 31 March, 2016. The total debt of Rs.5.03 crore comprises working capital limit of Rs.3.82 crore and unsecured loan raised through promoters of Rs.1.21 crore as on 31 March 2017. The Interest Coverage Ratio (ICR) stood at 5.20 times for FY2017 against 2.93 times for FY2016. Further, the NCA/TD stood at 0.38 times for FY2017.

Weaknesses

Working capital intensive operations

TPPL has high GCA days of 257 for FY2017 against 325 days for FY2016. This is mainly on account of inventory days of 24 and debtor days of 183 for FY2017. Further, utilisation of working capital limit stood at 100 percent for the past six months ended December 2017. SMERA believes that in view of the working capital intensive operations, elongation in working capital cycle will require

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additional funding support to maintain a stable liquidity profile.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of TPPL to arrive at the rating.

Outlook – Stable

SMERA believes that TPPL will maintain a Stable outlook and continue to benefit over the medium term from its experienced management and established relations with customers and suppliers. The outlook may be revised to 'Positive' if the scale of operations increases with efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure or further stretch in working capital.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	27.22	17.93	19.77
EBITDA	Rs. Cr.	3.32	1.77	1.73
PAT	Rs. Cr.	1.59	0.65	0.65
EBITDA Margin	(%)	12.18	9.85	8.76
PAT Margin	(%)	5.83	3.63	3.28
ROCE	(%)	33.79	22.36	50.84
Total Debt/Tangible Net Worth	Times	3.55	4.02	3.85
PBDIT/Interest	Times	5.20	2.93	3.61
Total Debt/PBDIT	Times	3.83	2.36	2.93
Gross Current Assets (Days)	Days	257	325	182

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

CRISIL Ratings in its press release dated December 14, 2016 inter alia has stated the following "CRISIL has suspended its ratings on the bank facilities of Taurus Powertronics Private Limited (TPPL). The suspension of ratings is on account of non-cooperation by TPPL with CRISIL's efforts to undertake a review of the ratings outstanding. Despite repeated requests by CRISIL, TPPL is yet to provide adequate information to enable CRISIL to assess TPPL's ability to service its debt. The suspension reflects CRISIL's inability to maintain a valid rating in the absence of adequate information. CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')"

Any other information:

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities- <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

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

None

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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA BB-/ Stable
Bank Guarantee*	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4

**(Under which sublimit of LC / Buyers Credit)*

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ABOUT SMERA

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