

Press Release

Taurus Powertronics Private Limited

June 21, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	ACUITE BB-/Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Corrigendum: In the Press Release published on February 28, 2018 the 'Total debt/Tangible networth' and 'Total Debt/PBDIT' mentioned were erroneous. The revised ones are incorporated in this press release.

Rating Rationale

Acuité has assigned long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.12.00 crore bank facilities of Taurus Powertronics Private Limited. The outlook is '**Stable**'.

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

Key Rating Drivers

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 net worth 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 Gross Current Asset 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. Acuité believes that in view of the working capital intensive operations, elongation in working capital cycle will require additional funding support to maintain a stable liquidity profile.

Analytical Approach

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

About the Rated Entity - Key Financials

Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited)

www.acuite.in

	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	1.04	1.79	1.21
PBDIT/Interest	Times	5.20	2.93	3.61
Total Debt/PBDIT	Times	1.52	3.40	1.97
Gross Current Assets (Days)	Days	257	325	182

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

CRISIL Ratings, vide its press release dated December 14, 2016 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.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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. Crore)	Ratings/Outlook
Cash credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BB-/Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4 (Assigned)

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings 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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