

Press Release

TAYLORMADE RENEWABLES LIMITED

March 08, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 7.50 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 plus**) on the Rs. 7.50 crore bank facilities of TAYLORMADE RENEWABLES LIMITED. The outlook is '**Stable**'.

TRL is engaged in the field of Renewable Energy and Solar Thermal Applications on Turnkey EPC contract basis, mainly Parabolic Concentrators using the latest technologies as a competitive source of energy. The team of TSSPL is having experience and knowledge of manufacturing and installing various Solar Steam Generating systems for various applications, Solar direct and indirect cooking treating systems etc. for more than 15 years.

Key Rating Drivers

Strengths

• Experienced Management

The key promoter Mr. Dharmendra Gor, has a vast experience in the field of Solar Thermal Application Systems, Renewable Energy and various related activities. He is a DEE (Diploma in Electrical Engineering) and in this business for more than 2 decades. Also, other directors forming part of the management are well experienced. SMERA believes that the experience of the management team and its in-depth knowledge of business will enable it to continue to take advantage of both current and future market opportunities.

• Consistent growth in revenues & profitability

TaylorMade Renewables Limited has registered cumulative annual growth rate of 47.07 per cent in the last three year ended 31st March 2017. Revenues had increased to Rs. 18.17 crore in FY2017 from Rs. 12.09 crore in FY2016 and PAT had increased to Rs. 0.40 crore in FY2017 from Rs. 0.09 crore in FY2016. While, EBITDA margin has increased to 6.95 per cent in FY2017 from 4.23 per cent in FY2016

• Geographical Diversification

The operations have been geographically concentrated in the States of Chhattisgarh, Gujarat, Himachal Pradesh, Jammu and Kashmir, Madhya Pradesh Utrakhand, Maharashtra, Haryana, Andhra Pradesh and Uttar Pradesh. Hence the business is significantly not dependent on the general economic condition and activity in the State in which TRL operates. Also, the industry in which TRL operates is favored by government bodies and subsidies are encouraged.

• Reputed Clientele and quality tie-ups

TRL caters to reputed clients like Indian Institute of Technology, Uttar Pradesh New & Renewable Energy Dev. Agency, Ecole Globale International School, Dehradun, Central Ammunition Depot, etc. The services mainly include supply and installation of Solar Steam Cooking Steams, Swimming pool water heating systems and solar waste water Evaporation system. Also, TRL has also entered into a tie up with a Chinese entity 'Linuo Ritter International Co.Ltd', for technology transfer for PV -System Integration business. The products will be jointly developed in India, tested and marketed by TRL under the brand name of 'Linuo-TaylorMade'. TRL has invented a technology for cleaning of TNT Bomb Shell through Solar Steam.

Weaknesses

• Moderate financial risk profile

The net worth of the company stood at Rs. 1.02 crore as on 31 March 2017 as against Rs. 0.62 crore as on 31 March 2016. The Gearing has stood at 7.08 times as on 31 March 2017 as against 8.39 times as on 31 March 2016. Total debt includes a short term borrowing of Rs.4.15 crore and an unsecured loan from promoters of Rs.3.11 crore. Further in the financial year 2017-18 the company is in the process of listing its shares on BSE SME. This will favorably impact gearing ratios. The Interest coverage ratio has improved to 2.57 times in FY2017 from 1.56 times in FY2016.

• Concentration of business

The operations have been geographically concentrated in the States of Chhattisgarh Gujarat Himachal Pradesh Jammu and Kashmir Madhya Pradesh Uttrakhand Maharashtra Haryana Andhra Pradesh and Uttar Pradesh. However the business is significantly not dependent on the general economic condition and activity in the State in which TRL operates. Also the industry in which TRL operates is favored by government bodies and subsidies are encouraged.

• Intense Competition

TRL faces intense competition from organized and unorganized players which may adversely affect business operation and financial condition. Moreover the company has a limited product portfolio when compared to industry peers in the organized sector which may affect the ability to compete effectively. TRL also has various types of R&D tie-ups with Renewable Research labs Universities and also an in-house Research centre to develop new applications and products on the Renewable Energy front.

Analytical Approach

SMERA has considered the standalone financials of TRL

Outlook: Stable

SMERA believes that TRL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and healthy demand of solar products. The outlook may be revised to 'Positive' in case the company registers a substantial increase in its scale of operations while achieving better profit margins. Conversely, the outlook may be revised to 'Negative' in case the company fails to achieve the projected scalability in revenues amidst intensifying competition.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	18.17	12.09	8.40
EBITDA	Rs. Cr.	1.26	0.51	0.28
PAT	Rs. Cr.	0.40	0.09	0.04
EBITDA Margin	(%)	6.95	4.23	3.34
PAT Margin	(%)	2.21	0.72	0.53
ROCE	(%)	14.92	9.67	13.71
Total Debt/Tangible Net Worth	Times	7.08	8.39	5.36
PBDIT/Interest	Times	2.57	1.56	1.78
Total Debt/PBDIT	Times	5.64	9.82	9.86
Gross Current Assets (Days)	Days	179	221	164

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.smera.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	5.50	SMERA BB- / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4+

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ABOUT SMERA

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