



Press Release
TACHOCLINE RENEWABLES PRIVATE LIMITED
June 06, 2023
Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	14.00	ACUITE B+ Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	14.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) to the Rs.14.00 crore bank facilities of Tachocline Renewables Private Limited (TRPL). The reaffirmation of rating on TRPL takes into account their weak financial risk profile and exposure to regulatory risk. These weaknesses are however, partly offset by its strong financial and operational support from Sagitaur Ventures India Private Limited (SVIPL).

The rating has been withdrawn on Acuite's policy of withdrawal of ratings. The rating has been withdrawn on account of the request received from the company, and the NOC received from the banker.

Rationale for the reaffirmation

The rating reaffirmation takes into account of the improvement in the operating income of the company,

The rating also draws comfort from experienced promoter and the company's long track record in the industry. These strengths are however, offset by the working capital intensive in nature of operations along with average financial risk profile.

About the Company

Incorporated in 2017, Tachocline Renewables Private Limited (TRPL) is a Bangalore based company engaged in solar power generation. TRPL is a special purpose vehicle (SPV) of Sagitaur Ventures India Private Limited (SVIPL). The company is running a 3 mega-watt (MW) solar power plant situated at Belagere in Chitradurga district (Karnataka). It has entered into a Power Purchase Agreement (PPA) with Bangalore Electricity Supply Company (BESCOM) on 17th June 2017, for 20 years at a tariff of Rs. 6.51 per unit (kWh) and the commercial operations of the plant had started in June 2017.

Key Rating Drivers

Strengths

Experienced management & support from strong player

TRPL is a special purpose vehicle (SPV) of Sagitaur Ventures India Private Limited (SVIPL). SVIPL is a Karnataka based company engaged in providing services in IT/Telecom, semiconductor, green energy, and core infrastructure. Further, SVIPL undertakes operation and maintenance of solar parks, provides land in developed solar park with required

approvals and amenities. The promoter brings around three decades years of experience. Acuité believes SVIPL will continue to provide financial flexibility to TRPL.

Weaknesses

Working capital intensive nature of operations

The working capital-intensive nature of operations of the company is marked by high Gross Current Asset days (GCA) of 341 as on 31st March 2023 as compared to 414 days of 31st March 2022 due to significantly changes in high other current asset which consists of other deposit, prepaid expenses material on loans etc. However, the debtor days stood moderate at 72 days as on 31st March 2023 as compared to 130 days as on 31st March 2022. The inventory period stood relatively low at 05 days as on 31st March 2023 as compared to 03 days 31st March 2022 respectively. Acuité believes that the working capital management of TRPL's will remain intensive given the nature of the industry.

Exposure to regulatory risk

TRPL continues to be exposed to regulatory uncertainty, given that the revenues are influenced by the regulatory framework governing the power sector. Acuité believes that the change in tariff could result in cash flow mismatch in the medium term

Rating Sensitivities

None

Material covenants

None

Liquidity Position: Adequate

The company's liquidity position is adequate marked by net cash accruals of Rs.0.77 Cr as on 31st March 2023 as against Rs. 0.41 Cr. long-term debt repayment during the same period. The current ratio stood at 1.52 times as on 31st March 2023, as compared to 0.88 times as on 31st March 2023. The cash and bank balances stood at Rs. 0.20 Cr. 31st March 2023. However, the working capital-intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 341 days as on 31st March 2023 as compared to 414 days as on 31st March 2022, due to high other current asset. Acuité believes that going forward the liquidity position of the company will remain adequate due to the improving net cash accruals.

Outlook:

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	1.98	1.89
PAT	Rs. Cr.	0.77	(0.98)
PAT Margin	(%)	39.03	(51.81)
Total Debt/Tangible Net Worth	Times	1.55	2.10
PBDIT/Interest	Times	1.84	1.44

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
28 Sep 2022	Term Loan	Long Term	12.00	ACUITE B+ Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	2.00	ACUITE B+ Stable (Reaffirmed)
07 Jul 2021	Working Capital Term Loan	Long Term	2.00	ACUITE B+ Stable (Assigned)
	Cash Credit	Long Term	12.00	ACUITE B+ Stable (Reaffirmed)
10 Jul 2020	Term Loan	Long Term	12.00	ACUITE B+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	12.00	ACUITE B+ Reaffirmed & Withdrawn
Indian Bank	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	2.00	ACUITE B+ Reaffirmed & Withdrawn

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Abhishek Singh Analyst-Rating Operations Tel: 022-49294065 abhishek.s@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.