



## Press Release

Technical Associates Limited (TAL)

December 11, 2019

### Rating Downgraded & Withdrawn

<b>Total Bank Facilities Rated*</b>	Rs. 350.00 crore
<b>Long Term Rating</b>	ACUITE BBB (Downgraded & Withdrawn)
<b>Short Term Rating</b>	ACUITE A3+ (Downgraded & Withdrawn)

\* Refer Annexure for details

### Rating Rationale

Acuite has downgraded and withdrawn the long-term rating to '**ACUITE BBB**' (read as **ACUITE triple B**) from '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs. 70.00 crore bank facilities and the short-term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) from '**ACUITE A2**' (read as **ACUITE A two**) on the Rs. 280.00 crore bank facilities of TECHNICAL ASSOCIATES LIMITED (TAL).

The rating is withdrawn on account of request received from the company and NOC received from the banker. The rating is downgraded on account of significant deterioration in operating income and EBITDA. The operating income stood at Rs. 264.29 crore in FY2019 as against Rs. 279.08 crore in FY2018 and Rs. 373.23 crore in FY2017 and EBITDA margin declined from 11.89 per cent in FY2018 to 10.29 in FY2019.

The Lucknow based Technical Associates Limited (TAL) started as a partnership firm in 1967 by Mr. Vishnu Agarwal. Later in 1988, the constitution was changed to private limited. The company promoted by Mr. Vishnu Agarwal, Mr. Narendra Kumar and Ms. Saroj Agarwal is engaged in manufacturing of power and distribution transformers. TAL has its manufacturing facilities located at Lucknow and Sitarganj.

### Analytical Approach

Acuite has considered the standalone business and financial risk profile of TAL to arrive at the rating.

### About the Rated Entity- Key Financials

Particulars	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	264.29	279.08
PAT	Rs. Cr.	15.84	14.48
PAT Margin	(%)	10.29	11.89
Total Debt/ Tangible Net Worth	Times	0.04	0.51
PBDIT/Interest	Times	6.14	3.42

### Applicable Criteria

- Entities in Manufacturing Sector- <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>

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

None

### Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated

requests and follow-ups.

### Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
February 13, 2019	Cash Credit	Long Term	70.00	ACUITE BBB+/Stable (Assigned)
	Letter of Credit	Short Term	105.00	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	175.00	ACUITE A2 (Assigned)

### \*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	70.00	ACUITE BBB (Downgraded & Withdrawn)
Letter of Credit	Not applicable	Not applicable	Not applicable	105.00	ACUITE A3+ (Downgraded & Withdrawn)
Bank Guarantee	Not applicable	Not applicable	Not applicable	175.00	ACUITE A3+ (Downgraded & Withdrawn)

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### About Acuité Ratings & Research:

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