



Press Release

Technical Associates Limited (TAL)

December 11, 2019

Rating Downgraded & Withdrawn

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Long Term Rating	ACUITE BBB (Downgraded & Withdrawn)
Short Term Rating	ACUITE A3+ (Downgraded & Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded and withdrawn the long-term rating to '**ACUITE BBB**' (**read as ACUITE triple B**) from '**ACUITE BBB+**' (**read as ACUITE triple B plus**) on the Rs. 70.00 crore bank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The rating is withdrawn on account of request received from the company and NOC received from the banker.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

Acuité 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

Acuité 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)

Contacts

Analytical	Rating Desk
Aditya Gupta Head- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuite.in Charu Mahajan Rating Analyst - Rating Operations Tel: 011-49731313 charu.mahajan@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

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.

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. Acuité ratings 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. Acuité ratings 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.