

Press Release

Tarapur Transformers Limited

03 September, 2018

Rating Reaffirmed



| | |
|-------------------------------------|---------------|
| Total Bank Facilities Rated* | Rs. 30.00 Cr. |
| Long Term Rating | ACUITE D |
| Short Term Rating | ACUITE D |

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE D' (read as ACUITE D)** and short term rating of '**ACUITE D' (read as ACUITE D)** to the Rs. 30.00 crore bank facilities of Tarapur Transformers Limited (TTL).

TTL, incorporated in 1988, is a Thane-based company engaged in the manufacturing, repairing and refurbishing of power transformers. The company has two manufacturing units located at Boisar (near Mumbai) and Vadodara (Gujarat) with combined manufacturing capacity of 1,839.40 MVA.

Analytical Approach

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

Key Rating Drivers

Strengths

- Experienced management**

TTL, incorporated in 1988, benefits from the directors experience Mr. Lalit Agarwal, Mr. Suresh More, Mr. Kiren Shrivastav, Mr. Rajendrakumar Choudhary in the industry.

Weaknesses

- Delays in servicing debt obligations**

As mentioned in the limited review report dated August 14, 2018, the company has not provided interest payable to its lenders amounting to Rs.2.54 crore for quarter ending June 2018. Also, the lender banks have issued notice against TTL under SARFAESI Act, 2002.

- Working capital intensive operations**

TTL has stretched liquidity reflected in the relatively high Gross Current Assets (GCA) of 1,464 days in FY2018 as against 852 days in FY2017. The high GCA is reflected from the debtors of 580 days in FY2018 as against 576 days in FY2017. The negative cash accruals constrain the liquidity.

About the Rated Entity - Key Financials

| | Unit | FY18 (Actual) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 12.18 | 28.15 | 22.01 |
| EBITDA | Rs. Cr. | -10.18 | -3.10 | -2.33 |
| PAT | Rs. Cr. | -11.15 | -2.42 | -1.05 |
| EBITDA Margin | (%) | -83.58 | -11.00 | -10.58 |
| PAT Margin | (%) | -91.54 | -8.60 | -4.76 |
| ROCE | (%) | -13.54 | -2.76 | -2.32 |
| Total Debt/Tangible Net Worth | Times | 0.92 | 0.75 | 0.71 |
| PBDIT/Interest | Times | -29.15 | -8.71 | 22.66 |
| Total Debt/PBDIT | Times | -4.67 | -69.45 | 37.79 |
| Gross Current Assets (Days) | Days | 1464 | 852 | 1084 |

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

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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.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

| Date | Name of the Facilities | Term | Amount (Rs. Cr) | Ratings/ Outlook |
|-------------|------------------------|------------|--------------------|--------------------------|
| 13-Jun-2017 | Cash Credit | Long term | 12.00 | ACUITE D (Reaffirmed) |
| | Letter of Credit | Short term | 18.00 | ACUITE D (Reaffirmed) |
| 8-Mar-2016 | Cash Credit | Long term | 12.00 | ACUITE D (Reaffirmed) |
| | Letter of Credit | Short term | 18.00 | ACUITE D (Reaffirmed) |
| 29-Dec-2014 | Cash Credit | Long term | 12.00 | ACUITE D (Reaffirmed) |
| | Letter of Credit | Short term | 18.00 | ACUITE D (Reaffirmed) |
| 27-Nov-2013 | Cash Credit | Long term | 12.00 | ACUITE D (Assigned) |
| | Letter of Credit | Short term | 18.00 | ACUITE D (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 |
|------------------------------------|------------------|----------------|----------------|-----------------------------|--------------------------|
| Bank guarantee/Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | 18.00 | ACUITE D (Reaffirmed) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 12.00 | ACUITE D (Reaffirmed) |

Contacts

| Analytical | Rating Desk |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-67141111 aditya.gupta@acuite.in Ayushi Rathore Analyst - Rating Operations Tel: 022-67141336 ayushi.rathore@acuiteratings.in | Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in |

About Acuite Ratings & Research:

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