

Rating Advisory

March 24, 2020 | Mumbai

Taylormade Renewables Limited

Advisory as on March 24, 2020

This rating advisory is provided in relation to the rating of Taylormade Renewables Limited

The key rating sensitivity factors for the rating include:

- Scale of operations and profitability
- Working capital management
- Order book status

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Taylormade Renewables Limited (TRL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If TRL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About the Company

Based in Ahmedabad, Gujarat, and promoted by members of the Gor family, TRL was incorporated in 2010. The company manufactures components and carries out EPC (engineering, procurement, and construction) work for renewable energy and solar thermal applications, primarily parabolic concentrators. It also manufactures bio-mass cook stoves, box cookers, and dish cookers among others. TRL has patents for some of its products.

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Rating Rationale

February 28, 2019 | Mumbai

Taylormade Renewables Limited

'CRISIL BB/Stable/CRISIL A4+' assigned to bank debt

Rating Action

Total Bank Loan Facilities Rated	Rs.7.5 Crore
Long Term Rating	CRISIL BB/Stable (Assigned)
Short Term Rating	CRISIL A4+ (Assigned)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has assigned its 'CRISIL BB/Stable/CRISIL A4+' ratings to the bank facilities of Taylormade Renewables Limited (TRL).

The ratings reflects an established market position and the extensive experience of the promoters in the solar thermal energy, and an improved financial risk profile. These strengths are partially offset by a presence in a highly fragmented industry with limited size, working capital-intensive operations, and exposure to risks associated with the tender-driven nature of business.

Key Rating Drivers & Detailed Description

Strengths:

* **Extensive industry experience of the promoters:** The promoters have around two decades of experience in the industry and have developed a strong relationship with customers. This should continue to support the business risk profile.

* **Established market position:** The company has established its name in the field of parabolic concentrators for thermal energy and has continuously expanded its product portfolio, which now includes bio mass cook stoves, box cookers, and dish cookers. Customers include corporates, educational institutions, and military departments, among others. Also, it has a geographically diversified presence across India.

* **Moderate financial profile:** Supported by capital infusion and an initial public offering during fiscal 2018, the financial profile has improved. The networth and gearing were Rs 20.5 crore and 0.29 time, respectively, as on March 31, 2018. The debt protection metrics were comfortable, with interest coverage and net cash accrual to total debt ratios of 3.25 times and 0.19 time, respectively, in fiscal 2018. The financial profile is estimated to have improved further in fiscal 2019.

Weaknesses

* **Presence in a highly fragmented industry with a limited size:** The industry comprises a number of unorganised players due to low entry barriers with limited initial investment and complexity of operations. Further, the pace and scale of solar thermal energy adoption is modest.

* **Working capital-intensive operations:** Large debtors and inventory have resulted in gross current assets of nine months as on March 31, 2018.

* **Exposure to risks related to with tender-driven nature of operations:** The company primarily deals with government organisations and education institutions, from which it derived 75% of total revenue in fiscal 2018 (70% in fiscal 2017). Moreover, the tenders from government bodies are mainly dependent on budgetary fund allocations and hence remain susceptible to delays in release of funds.

Liquidity

Liquidity is adequate, driven by the absence of any term debt, low bank limit utilisation, and moderate cash accrual. Average bank limit utilisation was around 30% (of the sanctioned Rs 5.5 crore limit) during the 12 months through December 2018. Cash accrual is expected at Rs 2.0-2.5 crore per fiscal against no term debt obligation or capex plans, over the medium term. The current ratio was healthy at 2.9 times as on March 31, 2018.

Outlook: Stable

CRISIL believes TRL will continue to benefit from the extensive industry experience of its promoters and established relationship with clients. The outlook may be revised to 'Positive' in case of a sustained increase in revenue and profitability, while a healthy capital structure is maintained. The outlook may be revised to 'Negative' if a decline in profitability, a stretch in the working capital cycle, or large, debt-funded capital expenditure weakens the capital structure.

About the Company

Based in Ahmedabad, Gujarat, and promoted by members of the Gor family, TRL was incorporated in 2010. The company manufactures components and carries out EPC (engineering, procurement, and construction) work for renewable energy and solar thermal applications, primarily parabolic concentrators. It also manufactures bio-mass cook stoves, box cookers, and dish cookers among others. TRL has patents for some of its products.

Key Financial Indicators

As on / for the period ended March 31	Units	2018	2017
Operating income	Rs crore	19.6	18.2
Reported profit after tax (PAT)	Rs crore	1.0	0.4
PAT margin	%	4.9	2.2
Adjusted debt/adjusted networth	Times	0.29	7.08
Interest coverage	Times	3.25	2.57

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs Cr)	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	2.5	CRISIL A4+
NA	Cash Credit	NA	NA	NA	5	CRISIL BB/Stable

Annexure - Rating History for last 3 Years

		Current		2019 (History)		2018		2017		2016		Start of 2016
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/S T	5.00	CRISIL BB/Stable		--		--		--		--	--
Non Fund-based Bank Facilities	LT/S T	2.50	CRISIL A4+		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Bank Guarantee	2.5	CRISIL A4+	--	0	--
Cash Credit	5	CRISIL BB/Stable	--	0	--
Total	7.5	--	Total	0	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

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