



Rating Rationale

K Ramakrishnan Clean Energy Pvt Ltd

22 Jun 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 22.80 Crores of K Ramakrishnan Clean Energy Pvt Ltd.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating*		
	Previous	Present		Previous (March, 2016)	Previous (June, 2017)	Present
Fund based Term Loan	15.00	22.80	Long Term	BWR B (Pronounced as BWR single B) Outlook:Stable	Rating Not Reviewed	BWR B (Pronounced as BWR single B) Outlook: Stable (Reaffirmed)
Total	15.00	22.80	INR Twenty Two Crores and Eighty Lakhs Only			

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results up to FY17, and clarifications provided by the Company's management.

The rating derives its strengths from moderate experience of the directors, moderate relationship with TNEB and Suzlon, increased revenues and improved profit margins. However the ratings are constrained by, high gearing profile, negative net worth, inadequate liquidity position, stretched debt protection and information risk.

Going forward, the ability of the company to achieve healthy revenue and profit growth, efficient utilization of working capital and timely repayment of debt obligations will be the key rating sensitivities.

Description of Key Rating Drivers



Credit Strengths: Experience of promoter's is more than 8 years, relationship with TNEB and Suzlon is more than 4 years, revenues increased from Rs. 1.60 Crs in FY16 to Rs. 18.35 Crs in FY17. Net profit margins and operating profit margins stood at 2.72% and 43.83% in FY17.

Credit Risks: The Company has reported net worth of Rs. (1.85) Crs in FY17. Gearing stood at (12.71) times in FY17. DSCR stood at 1.00 times in FY17. Current ratio stood at 0.39 times in FY17. The company has not provided the details of 3 new windmills in relation to its quantum of power produced names of the power purchaser, tariff at which the agreement is made and other details of PPA including its validity and this deprives of analysing the estimated cash flows from the newly installed windmills

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **K Ramakrishnan Clean Energy Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

M/s K.Ramakrishnan Clean Energy Private Limited(KRCEPL), private limited company, registered on September 16,2013. KRCEPL is engaged in wind mill for generation of electricity. Located at Thalavapalayam,Karur District- Tamilnadu. Initially KRCEPL had purchased 24 second hand windmills and 3 new windmill. The production capacity of second hand 24 windmills is 31.5 MW. These 24 windmills are Located at Vijayapathy, Radhapuram, Tirunelveli District Radhapuram,Tenkasi,Kayatar,Palladam.

Recently the company has purchased 3 new windmills for Rs. 38.70 Crs and installed in its own land at Thoothukudi, and started commercial operations in March 2018. The company has not shared any details like customer, PPA details and production capacity and tariff of 3 new windmills.

Management Profile:

Mr.K. Ramakrishnan is the Managing Director qualified BE has an experience of more than 8 years in the same line of business. The other Director of the Company is Ms.R.Vijaya, qualified BE who has 8 years of experience in the same line of business.

Company Financial Performance

The revenue has increased from Rs.1.60 Crs in FY16 to Rs. 18.35 Crs in FY17. Gearing stood at (12.71) times for FY17. Net profit margins and operating profit margins stood at 2.72% and 43.83% in FY17. Profit After Tax reported at Rs.0.50 Crs in FY17. ISCR and DSCR are stood at 1.82 times and 1.00 times in FY17. The Company has reported net worth of Rs. (1.85) Crs in FY17. As informed by the management the Company has reported revenues of Rs. 22.00 Crs from April 2017 to March 18.



Rating History for the last two years

S.No	Instrument /Facility	Current Rating (2018)			Rating History	
		Type	Amount (₹ Crs)	Rating	23.6.2017	23.3.2016
	Fund Based					
	Term Loan	Long Term	22.80	BWR B (Pronounced as BWR single B) (Outlook:Stable) (Reaffirmed)	Rating Not Reviewed	BWR B (Pronounced as BWR single B) (Outlook:Stable)
	Total		22.80	INR Twenty Two Crores and Eighty Lakhs Only		

Status of non-cooperation with previous CRA Nil

Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2015	2016	2017
Result Type		Audited	Audited	Audited
Operating Revenue	Rs. In Crs	0.71	1.60	18.35
EBITDA	Rs. In Crs	0.32	0.83	8.04
PAT	Rs. In Crs	(1.01)	(1.67)	0.50
Tangible Net worth	Rs. In Crs	(0.93)	(2.34)	(1.85)
Total Debt/Tangible Net worth	Times	(3.21)	(10.46)	(12.71)
Current Ratio	Times	0.88	0.11	0.39

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)



- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

DISCLAIMER

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