

January 22, 2016

CARE ASSIGNS 'CARE BB-' AND 'CARE A4' RATINGS TO THE BANK FACILITIES OF TWINCITY SUNLIFE PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	6.50	CARE BB- (Double B Minus)	Assigned
Short-term Bank Facilities	3.50	CARE A4 (A Four)	Assigned
Total Facilities	10.00 (Rupees Ten crore only)		

Rating Rationale

The ratings assigned to the bank facilities of Twincity Sunlife Private Limited (TSPL) are constrained by modest scale of operations, low & declining profit margins over last 3 years ending FY15 (refers to the period April 1 to March 31), working capital intensive nature of operations, leveraged capital structure coupled with weak debt coverage indicators, supplier concentration & foreign exchange fluctuation risk inherent to imports and presence in highly competitive trading industry.

The ratings, however, derive strength from the reasonable experience of the promoters in solar business, established relationship with reputed players in the solar system integration space, authorized distributorship of an overseas solar equipment manufacturer coupled with long term supply agreements, potential demand for solar energy in India and healthy growth in turnover during last 3 years ending FY15.

The ability of TSPL to increase its scale of operations, improve profitability and capital structure while managing the working capital requirements in competitive industry are the key rating sensitivities.

Background

Established in 2004 as a proprietorship entity by Mr. Bhuvnesh Chandra, Twincity Sunlife was later converted into a private limited company and renamed as Twincity Sunlife Private Limited in 2007. Its overall operations are looked after by Mr. Kunal Chandra, who has also been associated with the same since 2004. The company is engaged in trading of various solar equipment (modules, invertors, solar mounting structures and others), which find end-user application in solar power generation through the SPV (solar photovoltaic) power plants for households, corporate and the government. The company is an authorized distributor for the solar equipment manufactured by Proyectos Integrals Solares, SL based out of UK and Germany, from whom it imports the solar equipment for sale in India. Its clientele includes a few customers of repute, viz, Tata Power Solar Systems Limited, Godrej & Boyce Manufacturing Company Limited, Mahindra Susten Private Limited, Reflex Energy Limited and Moopens Energy Solutions Private Limited.

The company initially commenced its operations with the trading of pharma glass (used in pharma industry to manufacture glass containers), which contributed ~70% of its total revenue during FY11. However, this proportion has significantly declined over the years owing to increased focus on solar equipment trading. Moreover, the company is also undertaking the SI (system integration) of SPV and solar thermal systems on a very miniscule scale, the revenue from which contributed less than 0.5% of its total revenue during FY15.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

During FY15, the total operating income of the company stood at Rs. 30.20 crore (vis-à-vis Rs. 24.67 crore in FY14), whereas the net profit during both the years stood at Rs. 0.15 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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