

Rating Rationale

Brickwork Ratings assigns “Solar Power (SP) Rating# for Decentralised Solar PV Applications”- System Integrator of “SP 5D” to 'M/s ARC Power' ('ARCP' or 'the Firm). The Rating indicates ‘Poor Technical Capability’ and ‘Weak Financial Strength’

System Integrator

SP 5D

BWR has principally relied upon the audited financials of the firm upto FY16 and information/clarifications provided by the management.

The rating has positively factored the partners’ experience of two years in the solar industry and favourable outlook for the solar industry. The rating is, however, constrained by the short track record of the firm in solar industry, limited experience in solar PV system installations, small scale of operations, limited geographical presence and intense competition from organised and unorganised players in a highly fragmented industry.

Background

M/s ARC Power is a partnership firm established in October 2015 by Mr. Rishabh Tiwari and Ms. Purna Tiwari, for trading of solar products like solar panels, lights, inverters, batteries and heaters. In addition to this, the firm also provides solar heaters & solar lights installation services to its customers. ARCP has distribution rights of Chloride Power System and Solutions Ltd. for Madhya Pradesh region.

Technical Capability

Promoters Track Record

Mr. Rishabh Tiwari (B.A. Honors) & Ms. Purna Tiwari (B.A. L.L.B.) have 2 years of experience in trading of solar products.

Technical Expertise and Adequacy of Manpower

For solar installations, the firm has employed an electrical engineer, who is supported by electricians hired on contract basis on need basis.

Quality of Suppliers and Tie-ups

ARCP procures materials from Chloride Power Systems and Solutions Ltd. (chloride), a wholly owned subsidiary of Exide Industries Ltd.

Customers and O&M Network

ARCP's major customers are the retailers based out of Madhya Pradesh.

The Technical Capability of the firm is considered to be **Poor**.

SP Rating is not a Credit Rating of the entity.

Financial Strength

Sales and profitability: ARCP reported total operating income of Rs.0.09 Cr and PAT of Rs.0.03 Cr in FY16. The firm has achieved total operating income of Rs.0.06 Cr. in FY17 through its solar trading business activities.

Return on Capital Employed: As on 31-Mar-2016, ARCP's ROCE was 51.44%.

Total Outside Liabilities/Tangible Networth: As 31-Mar-2016, firm's TOL/TNW stood at 0.13x.

Interest Coverage: The Firm does not have any borrowings.

Net Worth: Tangible Net Worth as on 31-Mar-2016 is low at Rs. 0.05 Cr.

Conduct of Bank Account: The firm has not availed any bank facility. It has a current account with HDFC Bank, Kolar Road, Bhopal branch . As informed by the banker, conduct of the account is satisfactory.

Current Ratio: ARCP's current ratio as on 31-Mar-2016 was 3.62 times.

The Financial Strength of the firm is assessed to be **Weak**.

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Disclaimer: A BWR SI/RESCO rating reflects BWR's opinion on the ability of the rated system integration firm to undertake solar power projects.

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