

Rating Rationale

Brickwork Ratings assigns “Solar Power (SP) Rating# for Decentralised Solar PV Applications” -System Integrator- of “SP 3C” to Aditi Sales (AS or “The Firm”). The Rating indicates ‘Moderate Technical Capability’ and ‘Moderate Financial Strength’.

System Integrator

SP 3C

BWR has principally relied upon the audited financials of the firm upto FY16, management certified provisional financials for 11MFY17 and information/clarifications provided by the management.

In terms of the guidelines issued by MNRE vide its Notification dt. 02.02.2017, BWR has vetted the basic KYC documents and relevant details, based on which the assessment of Technical Capability and Financial Strength have been carried out.

The rating has positively factored the promoter's industry experience of more than 2 decades, professionally qualified and experienced technical team to source and handle solar projects and consistent growth in revenue year on year. The rating is, however, constrained by the limited track record of the firm in solar installations, intense competition and highly fragmented nature of the industry.

Background

Aditi Sales was established in 2010 as a partnership firm at Bhopal, Madhya Pradesh. The firm is a manufacturer, distributor and contractor for a variety of architectural products like gypsum Board, ceiling tiles, GI Rolled channel, calcium silicate board, cement boards, GI Structure for solar framework etc. In FY16, the firm expanded its business operations by entering into supply, installation of solar systems like Grid-tie power packs and provision of support & maintenance to large scale solar power plants and solar off-grid systems.

Technical Capability

Promoters Track Record

Mr.HP Khandelwal, Partner, had worked at B.H.E.L (Bhopal) from 1956 to 1989 as a Data Processing Officer (DPO). He had started a firm in the name of Lucky Traders in 1991 which was into distribution of Twinkle Lights, Osram lights, BLV Bulbs with experienced team of electrical engineers.

Mr.Ajay Khadelwal, Partner, is a B.E (Electrical) by qualification and had successfully undertaken various false ceiling and outdoor lighting projects in Government as well as in private sector. He established Aditi Sales in 2010 and recently entered into solar system integration activities.

Technical Expertise and Adequacy of Manpower

The Firm has completed on-grid solar projects with total capacity of ~13 kWp and has ongoing on-grid solar projects to the extent of 50 kWp, which has to be executed during FY17.

For solar related projects and activities, the firm has a technical team of 4 personnel, who are professionally qualified like B.E (Electrical), B.E (Mechanical), ITI certified and other skilled workers. The Firm plans to recruit additional technical staff on need basis.

SP Rating is not a Credit Rating of the entity.

Quality of Suppliers and Tie-ups

The firm procures materials from local suppliers in Bhopal and maintains professional relationship with them. The firm is associated as an authorised distributor with well known brands such as Su-Kam (India's No. 1 Inverter Manufacturer), Waaree (Tier 1 Solar PV Module Manufacturer), Saint Gobain, USG Boral, Ramco Cement, National Steel, Asian Steel, Uttam Steel, Gesso etc.

Customers and O&M Network

The firm has an O&M team in Bhopal to service the existing installation of 13 kWp. The firm's clientele includes Commercial and Private sector.

The overall Technical Capability of the Firm is considered **Moderate**.

Financial Strength

Sales: The Firm had reported slight decline in Net sales to Rs. 6.40 Cr as on 31-Mar-2016 compared to Rs.7.58 Cr as on 31-Mar-2015. On a provisional basis, for 11MFY17, the Firm has achieved a turnover of Rs.6.94 Cr.

Return on Capital Employed: ROCE was moderate at 9.61% as on 31-Mar-2016 compared to 4.71% as on 31-Mar-2015.

Total Outside Liabilities/Tangible Net Worth: TOL/TNW was moderate at 0.12 times as on 31-Mar-2016 versus 1.10 times as on 31-Mar-2015.

Interest Coverage: Debt protection metrics were moderate reflected by ISCR of 1.31 times and DSCR of 1.23 times as on 31-Mar-2016.

Net Worth: Tangible Net Worth as on 31-Mar-2016 was Rs. 1.47 Cr.

Conduct of Bank Account: The firm presently enjoys Fund based facility (cash credit) to the extent of Rs.1.00 Cr and non-fund based facility (Letter of Credit) of Rs.0.10 Cr from ICICI Bank. The banker has confirmed that the conduct of account is satisfactory.

Current Ratio: Liquidity position was adequate reflected by Current Ratio of 13.63 times as on 31-Mar-2016.

BWR hence, considers the Financial Strength of the Firm to be **Moderate**.

Analyst Contact	Media Contact
analyst@brickworkratings.com	media@brickworkratings.com
Phone	Relationship Contact
1-860-425-2742	bd@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.