

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 5 Cr of Aditi Solar Pvt.Ltd. (ASPL)

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for the Bank Loan Facilities of ₹5.00 crores Aditi Solar Pvt.Ltd. (ASPL or 'the company'):

Facility	Amount (₹ Cr)	Tenure	Rating
<u>Fund Based</u> Open Cash Credit	<b>3.00</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR BB Minus)  <b>Outlook : Stable</b>
<u>Fund Based</u> BULC	<b>0.50</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A four)
<u>Non Fund Based</u> ILC/FLC(DA/DP)	<b>1.00</b>		
Bank Guarantee	<b>0.50</b>		
<b>Total</b>	<b>5.00</b>	<b>INR Five Crores only</b>	

BWR has principally relied upon the audited financial results up to FY15 and publicly available information and information/clarification provided by the company.

The ratings draw strength from the extensive industry experience of the Promoter's, established track record of operations with wide product range, growth in revenue, good order book position, integrated manufacturing facility and satisfactory clientele. The ratings are, however, constrained by the company's small scale of operations, low net worth, large working capital requirements and its exposure to price volatility and intense competition in the solar photovoltaic (PV) industry.

#### Background:

Aditi Solar Pvt.Limited incorporated in the year 2010 is manufacturer of wide range of solar products such as solar PV modules, solar street lighting systems and solar home lighting systems. The product range of the company includes solar panels, solar photovoltaic modules, solar lantern, solar street light, stabilizer, solar charge controller, solar home lighting system, solar power plant, LED Luminaries, Solar fencing, solar water heater, solar water pumping system for various residential, commercial and industrial purposes.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

It is also engaged in executing turnkey engineering, Procurement and Construction (EPC) services and installing Off Grid and On Grid solar power packs for its customers.

The company has own manufacturing facility at Hyderabad and is equipped with semi-auto manufacturing line to produce and test Solar PV products. The company is ISO 9001:2008 and ISO 14001:2004 certified for design, manufacturing and supply of PV modules and systems and is registered with NEDCAP& NSIC.

ASPL import the main raw material of Solar cells from China. The company involves in only domestic sales and they provide its products and services to customers across India.

They have branch office at Pune, Chattisgarh, Raipur, Jaipur and Hyderabad.

The orders in hand for the company are Rs.8.58 Cr. which comprises of orders from NABARD and RWS, Orissa and it is expected to be completed before 30<sup>th</sup> Oct'15. Apart from that they have fresh order in pipeline for Rs.34.71 Cr. approx.

At present the company has a total strength of 50 employees who include graduates, diploma holders and certification holders in the project management team and the production division.

### **Management**

ASPL is promoted by Mr.PDV Suryanarana Raju , Managing Director, is a technocrat having engineering background with over 25 years of experience in managing industries. He established manufacturing unit for supply of various precision sheet metal components.

Dr.G.V.Subbaraju,Ph.D, Director, is a Scientist, Inventor and teacher. He has combined pharmaceutical research, and lecturing with industrial experience spanning over 28 years.

Mr.V.S.N. Raju., - Advisor is the Executive Vice President in charge of Sales & Marketing and Operations. He has to his credit 17 years of experience in Marketing and operations

### **Financial Performance**

ASPL reported a Net Profit after tax (PAT) of ₹0.39 Cr. on Net Sales of ₹11.66 Cr. for FY 15 as against profit after tax (PAT) of ₹0.51 Cr. on Net Sales of ₹16.78 Cr. for FY14. As informed by the company. They have reached revenue up to ₹16.30 crores during Apr 15 –Sep 15. Operating profit margin has increased to 9.62% in FY15 from 7.62% in FY14. Tangible net worth stood as on March 31, 2015 was ₹3.06 Cr. Debt to Equity ratio stood at 1.09 times in FY 15. The Current ratio of the company in FY15 is 1.47 times.

### **Outlook**

Currently, the outlook remains stable.

Going ahead, the ability of the company to improve its liquidity profile, Net worth along with increase in scale of operations as well as improvement in Profitability margins and effective working capital management would be the key rating sensitivities.

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