



SMERA RATINGS LIMITED

# Gautam Solar Private Limited (GSPL)

## Rating Rationale

**March 14, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	7.86	SMERA BBB-/Stable (Reaffirmed)
Cash Credit	11.00	SMERA BBB-/Stable (Reaffirmed)
Bank Guarantee	12.50	SMERA A3 (Reaffirmed)
Letter of Credit	5.00	SMERA A3 (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) on the Rs.18.86 crore fund-based bank facility and short term rating of '**SMERA A3**' (read as **SMERA A three**) on the Rs.17.50 crore non-fund based bank facility of Gautam Solar Private Limited (GSPL). The outlook is '**Stable**'. The ratings continue to be supported by the company's experienced management, established relations with customers and healthy financial risk profile. However, the ratings are constrained by the company's exposure to substitution risk. The ratings note that the company operates in an intensely competitive segment of the solar industry.

### Update

GSPL reported operating income of Rs.80.13 crore in FY2014-15 (refers to financial year, April 01 to March 31), as compared with Rs.2.83 crore in FY2013-14. The company's net profit margins declined to 3.53 per cent in FY2014-15 from 9.61 per cent in FY2013-14 due to increase in raw material cost. The gearing level (debt-to-equity) marginally deteriorated to 0.79 times as on March 31, 2015 from 0.57 times as on March 31, 2014 on account of higher working capital management. The leverage (total outside liabilities to tangible net worth ratio) increased from 0.98 times as on March 31, 2014 to 1.52 times as on March 31, 2015.

### Outlook: Stable

SMERA believes GSPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' if the company registers higher-than-expected growth in revenues and net cash accruals. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the company's financial risk profile and liquidity position.

### Rating Sensitivity Factors

- Management of working capital funds
- Scaling up of operations

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## About the Company

GSPL, incorporated in 1993, is a Delhi-based company promoted by Mr. Gautam Mohanka. The company is engaged in the manufacture of solar panels and lanterns.

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