

October 23, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit *	5.25	SMERA BB-/Stable (Assigned)
Term Loans	0.94	SMERA BB-/Stable (Assigned)
Letter of Credit**	2.50	SMERA A4 (Assigned)
Bank Guarantee	1.00	SMERA A4 (Assigned)

* Aggregate exposure of PC/ FDPB/FUDBP should not exceed Rs.0.50 crore

** One way interchangeability from LC to BG within overall limit of non-fund based facility availed

SMERA has assigned a long-term rating of '**SMERA BB-**' (**read as SMERA double B minus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Plaza Power and Infrastructure Company (PPIC). The outlook is '**Stable**'. The ratings are supported by the company's experienced management and moderate financial risk profile. However, the ratings are constrained by the modest-scale of operations, working capital intensive business and the company's presence in an intensely competitive solar photovoltaic (PV) module manufacturing industry. The ratings also note the proprietorship constitution of the firm.

PPIC, established in 2009, is part of the New Delhi-based Plaza Cables Group engaged in the manufacture of solar PV modules. The company manufactures housing cables and wires and benefits from the proprietor's extensive experience in the line of business. PPIC's moderate financial risk profile is reflected in the interest coverage ratio of 2.82 times and moderate gearing levels of 1.80 times as on March 31, 2014.

The modest-scale of operations are marked by operating income of Rs.20.51 crore in FY2013-14 (refers to financial year April, 01 to March 31). Until FY2011-12, PPIC was mainly into manufacturing and installation of Compact Fluorescent Lamp (CFL) and solar street lights for the defence sector and began manufacturing solar PV modules from FY2012-13. The firm's operations are working capital-intensive with inventory holding period and working capital cycle at 96 days and 81 days respectively. PPIC's average working capital limit utilisation has remained moderate at ~91 per cent during October 2014 to March 2015. The company faces intense competition from cheaper import substitutes and domestic players in the solar panel business. Besides, the proprietorship constitution of PPIC renders the firm vulnerable to risk of capital withdrawal from business.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

Outlook: Stable

SMERA believes PPIC will maintain a moderate financial risk profile over the medium term. The firm will continue to benefit from its experienced proprietor. The outlook may be revised to 'Positive' in case the firm registers substantial growth in revenues and cash accruals while maintaining a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of decline in the firm's revenues and cash accruals, or in case of deterioration in the firm's financial risk profile and liquidity position.

About the Company

PPIC, established as a proprietorship concern by Mr. Sanjay Gupta in 2009, is engaged in the manufacture of solar PV modules. The firm has solar photovoltaic modules manufacturing facility at Baddi, Solan with an annual installed capacity of 9.39 MW.

For FY2013-14, PPIC reported profit before tax (PBT) of Rs.1.00 crore on operating income of Rs.20.51 crore, as compared with PBT of Rs.0.70 crore on operating income of Rs.14.13 crore in FY2012-13. The firm's capital stood at Rs.2.85 crore as on March 31, 2014, as compared with Rs.1.70 crore a year earlier. PPIC registered revenue of Rs.21.73 crore (provisional) during FY2014-15.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.