Plaza Power and Infrastructure Company: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit*	7.00 (Enhanced from Rs. 5.25 crore)	SMERA BB-/Stable(Reaffirmed)
Term Loan	0.45 (Reduced from Rs. 0.94 crore)	SMERA BB-/Stable (Reaffirmed)
Bank Guarantee	5.25 (Enhanced from Rs. 1.00 crore)	SMERA A4 (Reaffirmed)
Letter of Credit**	3.00 (Enhanced from Rs. 2.50 crore)	SMERA A4 (Reaffirmed)
Proposed Long Term	0.30	SMERA BB-/Stable (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*

SMERA has reaffirmed the long-term rating of **'SMERA BB- (read as SMERA double B minus)** and short-term rating of **'SMERA A4 (read as SMERA A four)** on the abovementioned bank facilities of Plaza Power and Infrastructure Company (PPIC). SMERA has also assigned rating of **'SMERA BB- '(read as SMERA double B minus)** on the Rs.0.30 crore bank facility. The outlook is **'Stable'**. The ratings continue to be supported by the extensive experience of the management in the photovoltaic (PV) industry and moderate financial risk profile. However, the ratings are constrained by the modest-scale of operations, working capital intensive business and exposure to intense competition in the solar photovoltaic business.

Update

PPIC has achieved operating income of Rs.22.30 crore in FY2015-16 (Provisional) an increase from Rs.21.74 crore in FY2014-15. The company reported profit after tax (PAT) of Rs.0.98 crore in FY2014-15 against Rs.1.00 crore in FY2013-14. The moderate financial risk profile is marked by gearing (debt-to-equity) of 2.03 times as on March 31, 2015 and high liquidity profile (87.83 per cent of cash credit limit utilised during the period Jan 2016 to June 2016). Moreover, the interest coverage ratio stood at 2.63 times in FY2014-15. The company registered PAT margin of 4.51 per cent in FY2014-15 as against 4.88 per cent in FY2013-14. PPIC operates in an intensely competitive segment of the solar photovoltaic industry.

The company benefits from its experienced management. Mr. Sanjay Gupta, Proprietor, possesses over two decades of experience in the company's line of business.

Outlook- Stable

SMERA believes PPIC will maintain a stable outlook over the medium term owing to the extensive experience of its proprietor. The outlook may be revised to 'Positive' if the company registers substantial growth in revenue and cash accruals while maintaining a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues and cash accruals or deterioration in the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Scaling up operations while maintaining healthy profit margins
- Efficient management of working capital cycle

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

PPIC, established in 2009 is a proprietorship concern engaged in the manufacturing of solar PV modules at Solan, Himachal Pradesh. The company has an annual installed capacity of 9.39 MW.

For FY2014–15, the firm reported profit after tax (PAT) of Rs.0.98 crore on operating income of Rs.21.74 crore, as compared with profit after tax (PAT) of Rs.1.00 crore on operating income of Rs.20.51 crore in FY2013–14. The net worth stood at Rs.3.14 crore as on March 31, 2015 against Rs.2.85 crore a year earlier.

Rating History

Date	Name of the Instruments	Amount (Rs. Crore)	Ratings		Outlook
			Long Term	Short Term	
23 Oct, 2015	Cash Credit*	5.25	SMERA BB- (Assigned)	-	Stable
	Term Loan	0.94	SMERA BB- (Assigned)	-	Stable
	Letter of Credit**	2.50	-	SMERA A4 (Assigned)	-
	Bank Guarantee	1.00	-	SMERA A4 (Assigned)	-

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ABOUT SMERA

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