

Press Release

Platinum Solar Private Limited

21 May, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 11.00 Cr.
Long Term Rating	SMERA B/Stable (Reaffirmed)

*Refer annexure for details

SMERA has reaffirmed long-term rating of '**SMERA B**' (read as SMERA B) on the Rs. 11.00 crore bank facilities of Platinum Solar Private Limited (PSPL). The outlook is '**Stable**'.

Telangana-Bases, PSPL was incorporated in 2015 by Mr. K Prasad Reddy and Mr. N Raveendranadha Reddy, Hyderabad formed as an SPV (Special Purpose Vehicle) for developing a 2 mw capacity solar project in the Nalgonda district of Telangana. The company has entered into a Power Purchasing Agreement (PPA) for 20 years with TSSPDCL. The day-to-day operations are managed by Mr. K. Prasad Reddy and Mrs. Rajeshwari. The company would be able to receive Rs.6.45 per unit for the next 20 years.

Key rating drivers

Strengths

Experienced Management

PSPL has been formed as a project specific vehicle by its group company, Jaagruthi Power & Infra Pvt. Ltd, the promoters of which have experience of decades in various industries including pharmaceutical, housing, power, logistics, agro foods etc.

Stable revenue visibility owing to 20 years power purchasing agreement

The Company has developed a solar project in the Nalgonda District of Telangana state with capacity of 2 MW. The company has entered in the 20 years PPA (power purchasing agreement) with Telangana State Southern Power Distribution Company Limited (TSSPDCL). The company would be able to receive Rs.6.45 per unit for the next 20 years. This offers a healthy revenue visibility for the next 20 years.

Weaknesses

Limited operational track record

PSPL has limited operational track record as the operations has commenced in April 2016.

Dependence on favorable climatic conditions for power generation

PSPL is engaged in solar power generation. Solar power generation is largely dependent on the adequate solar radiation. The company is exposed to risk related with climate conditions. Solar radiation in particular place is dependent on factors like sunny days, weather conditions like rain etc.

Analytical approach:

SMERA has considered the standalone business and financial risk profile of Platinum Solar Private Limited (PSPL).

Outlook - Stable

SMERA believes that PSPL will benefit in the medium term from the long standing experience of its promoters and its agreement with TS Discom. The outlook may be revised to positive if PSPL achieves more than envisaged sales and profitability. Conversely, the outlook may be revised to negative in case it fails to report the expected revenues or profitability.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	2.09	-	-
EBITDA	Rs. Cr.	1.60	(0.05)	-
PAT	Rs. Cr.	(0.23)	(0.06)	-
EBITDA Margin	(%)	76.91	-	-
PAT Margin	(%)	(10.84)	-	-
ROCE	(%)	6.33	(0.66)	-
Total Debt/Tangible Net Worth	Times	2.77	3.27	-
PBDIT/Interest	Times	1.35	-	-
Total Debt/PBDIT	Times	6.41	(236.03)	-
Gross Current Assets (Days)	Days	123	-	-

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
11/01/2018	Term Loan	Long Term	11.00	SMERA B (Indicative)
13/08/2016	Term Loan	Long Term	11.00	SMERA B/ Stable (Assigned)

Annexure – Details of instruments rated

Name of the facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	NA	NA	NA	9.40	SMERA B/ Stable (Reaffirmed)
Proposed Bank Facility	NA	NA	NA	1.60	SMERA B/ Stable (Assigned)

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ABOUT SMERA

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