

Press Release

Platinum Solar Private Limited

February 02, 2021

Rating Withdrawn



Total Bank Facilities Rated*	Rs.11.00 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE B+**' (read as '**ACUITE B Plus**') on the Rs.11.00 Cr bank facilities of Platinum Solar Private Limited (PSPL).

The rating is being withdrawn on account of request received from the company and NDC received from the banker and is in accordance with Acuite's policy on withdrawal of rating.

Hyderabad based Platinum Solar Private Limited (PSPL) was incorporated in the year 2015 by Mr. K Prasad Reddy and Ms. Rajeshwari. PSPL 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).

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of PSPL to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced Management

The promoters of the company, Mr. K Prasad Reddy and Ms. Rajeshwari have extensive experience in the renewable energy sector for more than a decade through their previous ventures. Acuite believes that PSPL will continue to benefit from the promoter's established presence in the industry over the medium term.

• Stabilized operations and stable revenue visibility

PSPL has registered revenue of Rs.2.52Cr in FY2020 as against Rs.2.57Cr in FY2019. The average plant load factor (PLF) stood at an average of 23 percent in FY2020. The company has entered in the 20 years PPA (Power Purchasing Agreement) with Telangana State Southern Power Distribution Company Limited (TSSPDCL). The long term agreement with TSSPDCL for the next 20 years, gives revenue visibility over the medium term.

Weaknesses

• Average Financial Risk Profile

PSPL's financial risk profile is average marked by low net worth, high gearing and moderate debt protection metrics. The net worth of the company stood at Rs.4.86Cr as on March 31, 2020 as against Rs.4.52Cr as on March 31, 2019. The gearing stood high; however, it has improved to 1.86 times as on March 31, 2020 as against 2.22 times as on March 31, 2019. The total outstanding liabilities to tangible net worth/ (TOL/TNW) stood at 1.94 times as on March 31, 2020 as against 2.31 times as on March 31, 2019. The company, on the other hand, generated cash accruals of Rs.1.03Cr in FY2020 as against Rs1.1.08Cr in FY2019.

The decline in the profitability level, coupled with moderate debt level, has led to moderate debt

protection measures. The NCA/TD and interest coverage ratio for FY2020 stands at 0.11 times and 2.10 times respectively as against 0.11 times and 2.11 times respectively in FY2019. The debt service coverage ratio stood 1.24 times in FY2020 as against 1.26 times in FY2019. The Debt-EBITDA stands at 4.39 times in FY2020 as against 4.49 times in FY2019.

• Dependence on favorable climatic conditions for power generation

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

Liquidity Position: Stretched

PSPL has Stretched liquidity marked by moderate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs1.03Cr for FY2020 as against its debt repayment obligations of Rs.0.64Cr for the same period. The promoters have infused unsecured loans as and when required for ensuring timely servicing of debt obligations. The Company's working capital operations are intensive marked by Gross Current Asset (GCA) days of 366 for FY2020. This is on account of delays in the payment realization from the counterparty, i.e. TSSPDCL. The Company maintains unencumbered cash and bank balances of Rs.0.11Cr as on 31 March 2020. The current ratio stood at 2.94 times as on 31 March 2020. Acuite believes that the liquidity of the company is likely to remain stretched on account of moderate cash accrual against debt repayments over the medium term.

Rating Sensitivities

- Any further deterioration in the working capital cycle on account of delays in the realization from the counterparty

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	2.52	2.57
PAT	Rs. Cr.	0.34	0.40
PAT Margin	(%)	13.50	15.57
Total Debt/Tangible Net Worth	Times	1.86	2.22
PBDIT/Interest	Times	2.10	2.11

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

None

Any other information

Not Applicable

Any Material Covenants

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-51.htm>
- Financial ratios and Adjustments- <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
29-Nov-2019	Term Loan	Long Term	8.84	ACUITE B+/Stable (Upgraded from ACUITE B/Stable)
	Proposed Bank Facility	Long Term	2.16	ACUITE B+/Stable (Upgraded from ACUITE B/Stable)
23-Jul-2019	Term Loan	Long Term	11.00	ACUITE B (Indicative)
21-May-2018	Term Loan	Long Term	9.40	ACUITE B/Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	1.60	ACUITE 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	December 31, 2016	11.15%	September 30, 2020	8.84	ACUITE B+ (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.16	ACUITE B+ (Withdrawn)

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