

Nuotech Solar Systems Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	10.00	SMERA BB/Stable (Assigned)
Bank Guarantee	0.60	SMERA A4+ (Assigned)
Proposed Bank Guarantee/Letter of Credit	2.40	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the above mentioned bank facilities of Nuotech Solar Systems Private Limited (NSSPL). The outlook is '**Stable**'.

The ratings derive comfort from the established track record of operations, experienced management and pan India distribution network. The ratings also draw support from the moderate financial risk profile. However, the ratings are constrained by the moderate scale of operations and working capital intensive business.

NSSPL was established in 1992 as a sole proprietorship firm by Mr. Surendra Kumar, Managing Director and incorporated in 2002. The company is engaged in the manufacturing and trading of solar panels and distributes its products through its network of 150 dealers across India.

The moderate financial risk profile of the company is marked by interest coverage ratio of 1.57 times for FY2015-16 and gearing of 1.57 times as on March 31, 2016. The total debt of Rs.14.06 crore includes unsecured loans from promoters and directors to the tune of Rs.3.24 crore.

However, NSSPL operates on a moderate scale as reflected in the revenue of Rs.36.17 crore for FY2015-16 as compared to Rs.30.72 crore for FY2014-15. The operations are working capital intensive evident from the GCA days of 187 for FY2015-16 (261 days for FY2014-15) on account of high debtor days of 146 in FY2015-16 as (205 days in FY2014-15).

Rating Sensitivity Factors

- Increase in scale of operations while maintaining profitability
- Efficient working capital management

Outlook: Stable

SMERA believes that NSSPL will maintain a stable outlook and benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher than expected revenues and improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of decline in profit margins and deterioration in the financial risk profile.

Criteria Applied for Rating:

- Manufacturing Entities

About the Company

NSSPL, established by Mr. Surendra Kumar, Managing Director in 1992 as a proprietorship firm was incorporated in 2002. The company is engaged in the manufacturing and distribution of solar thermal products like water purifiers, Solar PV to name a few at Bengaluru, Karnataka. The installed capacity stands at 1500 units per month.

For FY2015-16, NSSPL registered profit after tax (PAT) of Rs.0.57 crore on operating income of Rs.36.17 as compared to PAT of Rs.1.06 crore on operating income of Rs.30.72 crore.

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ABOUT SMERA

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