



Press Release

Paawan Energy (I) Private Limited

October 25, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 8.00 crore bank facilities of PAAWAN ENERGY (I) PRIVATE LIMITED. The outlook is '**Stable**'.

PEPL, incorporated in 2010, is promoted by Mr. Chandra Pal Yadav. PEPL is engaged into Engineering, Procurement and Construction (EPC) work for solar power plants. It is also engaged in O&M (Operation & Maintenance) of solar plant for third party.

Key Rating Drivers

Strengths

- **Experienced management**

Mr. C.P. Yadav has an experience of around ~20 years in the field of Solar projects and activities related to providing products which are utilities to the society.

- **Moderate financial profile**

The company has moderate financial profile with low net worth of Rs.0.10 crore as on March 31, 2018 (Provisional) as against Rs.0.03 crore as on March 31, 2017. The gearing was Nil as on March 31, 2018 (Provisional) as against 0.78 times as on March 31, 2017. The financials of FY2017 included unsecured loan of Rs.0.02 crore which were repaid as on March, 2018. The company has availed working capital loan of Rs.0.44 crore and bank guarantee of Rs.0.31 crore to execute new upcoming projects.

Weaknesses

- **Small scale of operations**

The company started EPC work for solar from FY2017, thus, resulting in modest revenues of around Rs.5.20 crore in FY2018 (Provisional) as against Rs.0.56 crore in FY2017. The company has implemented EPC projects of approximately 2MW cumulative capacity and is focusing to raise the capacity upto 10MW this year i.e. as on March, 2019.

- **Tender based nature of business**

The order execution and revenue reporting is cyclical in nature due to tender based nature of operations.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Paawan Energy (I) Private Limited (PEPL) to arrive at the rating.

Outlook: Stable

Acuité believes that the outlook on PEPL will remain 'Stable' over the medium term on account of its promoters' experience in this line of business. The outlook may be revised to 'Positive' if the company registers significant and sustainable growth in revenue and profitability while maintaining a comfortable liquidity position and capital structure. Conversely, the outlook may be revised to 'Negative' in case the company registers significant decline in revenues and cash accruals or the working capital cycle is stretched resulting in deterioration of its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	5.20	0.56	0.26
EBITDA	Rs. Cr.	0.08	0.01	0.00
PAT	Rs. Cr.	0.08	0.01	0.00
EBITDA Margin	(%)	1.52	1.96	1.67
PAT Margin	(%)	1.47	1.51	1.02
ROCE	(%)	102.96	20.74	6.77
Total Debt/Tangible Net Worth	Times	0.00	0.78	1.10
PBDIT/Interest	Times	92.46	23.49	16.35
Total Debt/PBDIT	Times	0.00	1.76	4.68
Gross Current Assets (Days)	Days	64	91	138

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.44	ACUITE B / Stable
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	7.25	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.31	ACUITE A4

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About Acuité Ratings & Research:

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