



Press Release
Sri Savitr Solar Private Limited
May 10, 2022
Rating Assigned and Downgraded

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|------------------|-----------------------|-----------------------|
| Bank Loan Ratings | 1.00 | - | ACUITE D Downgraded |
| Bank Loan Ratings | 12.50 | ACUITE D Assigned | - |
| Bank Loan Ratings | 2.50 | - | ACUITE D Assigned |
| Bank Loan Ratings | 39.00 | ACUITE D Downgraded | - |
| Total Outstanding Quantum (Rs. Cr) | 55.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE D' (read as ACUITE D)** from '**ACUITE BB' (read as ACUITE double B)** and the short-term rating to '**ACUITE D' (read as ACUITE D)** from '**ACUITE A4' (read as ACUITE A four)** on the Rs.40.00 Cr bank facilities and assigned the long term rating of '**ACUITE D' (read as ACUITE D)** and short term rating of '**ACUITE D' (read as ACUITE D)** on its enhanced limits of 15.00 cr bank facilities of Sri Savitr Solar Private Limited (SSSPL).

The rating assigned favorably factors in experienced management and moderate order book. The rating however is constrained by stretched working capital cycle, stretched liquidity position as the company has made continuous delays in term loan repayments.

About the Company

Hyderabad-based Sri Savitr Solar Private Limited (SSSPL), was incorporated in the year 2011 by Mr. Venkata Ramesh Annangi and Ms. Sujatha Annangi. The company is engaged in manufacturing of solar PV Modules, solar street lightning system, and solar water pumping system, solar EPC, solar rooftop systems, solar water heating systems and system integration. SSSPL at present has 250 Mega Watt (MW) of solar photovoltaic modules. The company sells its products to individuals, commercial and government institutions.

Analytical Approach

Acuite has considered the standalone financial and business risk profile of SSSPL to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

- SSSPL was incorporated in the year 2011 by Mr. A. V. Ramesh, the Managing Director of the company, who has experience of about 2 decades in solar power industry. Due to long standing presence of the promoters; the company has established relationships with its customers and suppliers. This has helped the company in participating in government tenders. Since incorporation, SSSPL had completed execution of a cumulative capacity of 39,227 Kilo watt, which includes Residential Capacity of 14,703 Kilo watt and Commercial capacity of 18,607 Kilo watt. Acuite believes that SSSPL will improve its operations over the medium term on account of experienced management

Moderate order book

- SSSPL has a moderate order book which consists of projects like KUMUM in karnataka and Jammu & Kashmir region and expected to generate Rs.20. Cr from these projects in FY2023. Order book also includes two important projects in Bihar region - Mukhya mantri gramin solar street light yojana and Rooftop solar grid connection various government buildings. SSSPL got empanelment status in Karnataka region to and expected to generate a total of Rs.180 Cr by FY2023. Apart from these projects SSSPL also supplying its own manufacturing solar photo voltaic modules to other companies includes Rotomag motors & controls private limited, Greentek india private limited and others. SSSPL currently using its 70% of manufacturing capacity to the government projects and supplying 30% of its manufacturing capacity to third parties.

Weaknesses

Below Average financial risk profile:

- The financial risk profile of the company has remained below average with moderate capital structure and debt protection metrics. The net worth of the company stood at Rs.12.54 Cr as on March 31, 2021 as against Rs.11.79 Cr as on March 31, 2022. Gearing stood at 3.20 times as on March 31, 2021 as against 2.68 times as on March 31, 2020. Debt protection metrics - Interest Coverage Ratio and Debt Service Coverage Ratio stood at 1.62 times and 1.54 times as on March 31, 2021 as against 1.66 times and 1.22 times as on March 31, 2020 respectively. TOL/TNW stood at 4.93 times and 4.40 times as on March 31, 2021 and 2020 respectively

Working capital intensive operations:

- The operations of the company have remained working capital intensive with GCA days of 295 days and 226 days as on March 31, 2021 and 2020 respectively. This is evident from debtor days which stood at 140 days and 153 days as on March 31, 2021 and 2020 respectively. Inventory days stood at 102 days and 54 days as on March 31, 2021 and 2020 respectively. Creditor days stood at 52 days and 42 days as on March 31, 2021 and 2020 respectively. Working capital limits of the company has remained fully utilized for the last six months ended March 2022

Delays in servicing of bank facilities availed

- SSSPL has availed term loans and WCTL loans (under guaranteed emergency credit line scheme) from Canara bank and made delays in past 3 months in repaying the term loans. As informed by the banker, the company is fully utilizing their working capital limits and bank is unable to debit the installment amounts from the CC on due dates. Delays are also confirmed with the CRIF report and the account is mentioned as Special Mention Account.

ESG Factors Relevant for Rating

Not Applicable

Rating Sensitivities

- Lower-than-expected revenue and profitability
- Any further deterioration in working capital management leading to deterioration in financial risk profile and liquidity
- High Debt equity level
- low Interest Coverage Ratio (ICR)

Material covenants

None

Liquidity Position: Stretched

The liquidity position of the company is stretched. The company has made continuous delays in FY2021 and also in FY2022. The company is fully utilizing its working capital Limits and delay in receipt of funds from orders are the primary reasons for delays in instalment repayments. Current ratio of the company stood modest at 1.14 times as on March 31, 2021. Cash and Bank balance stood at Rs.0.03 Cr as on March 31, 2021.

Outlook

Not Applicable

Key Financials

| Particulars | Unit | FY 21 (Actual) | FY 20 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 79.88 | 84.27 |
| PAT | Rs. Cr. | 0.75 | 0.98 |
| PAT Margin | (%) | 0.94 | 1.16 |
| Total Debt/Tangible Net Worth | Times | 3.20 | 2.68 |
| PBDIT/Interest | Times | 1.62 | 1.66 |

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

None

Any other information

The company has made delays in repayment of term loans in past three months and fully utilized working capital limits and the account is categorised as SMA

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of 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

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|--------------------------------|------------|-----------------|-------------------------------|
| 16 Mar 2021 | Cash Credit | Long Term | 28.30 | ACUITE BB Stable (Assigned) |
| | Term Loan | Long Term | 2.83 | ACUITE BB Stable (Assigned) |
| | Bank Guarantee | Short Term | 1.00 | ACUITE A4+ (Assigned) |
| | Term Loan | Long Term | 5.98 | ACUITE BB Stable (Assigned) |
| | Proposed Bank Facility | Long Term | 1.89 | ACUITE BB Stable (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Rating |
|----------------|----------------|----------------------------------|------------------|----------------|----------------|-------------------|-----------------------|
| Canara Bank | Not Applicable | Bank Guarantee (BLR) | Not Applicable | Not Applicable | Not Applicable | 1.00 | ACUITE D Downgraded |
| Canara Bank | Not Applicable | Bank Guarantee (BLR) | Not Applicable | Not Applicable | Not Applicable | 2.50 | ACUITE D Assigned |
| Canara Bank | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | 28.30 | ACUITE D Downgraded |
| Canara Bank | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | 5.50 | ACUITE D Assigned |
| Canara Bank | Not Applicable | Covid Emergency Line. | Not Applicable | Not Applicable | Not Applicable | 8.36 | ACUITE D Downgraded |
| Not Applicable | Not Applicable | Proposed Long Term Bank Facility | Not Applicable | Not Applicable | Not Applicable | 1.70 | ACUITE D Downgraded |
| Not Applicable | Not Applicable | Proposed Long Term Bank Facility | Not Applicable | Not Applicable | Not Applicable | 2.05 | ACUITE D Assigned |
| Canara Bank | Not Applicable | Term Loan | Not available | Not available | Not available | 0.64 | ACUITE D Downgraded |
| Canara Bank | Not Applicable | Term Loan | Not available | Not available | Not available | 4.95 | ACUITE D Assigned |

Contacts

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About Acuité Ratings & Research

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