



Press Release

Sri Savitr Solar Pvt Ltd

August 12, 2022

Ratings

Sl. No.	Type of Facility	Rated Amount (Rs Cr.)	Ratings	Rating Action	Complexity Indicator
1	Long Term Bank Facilities	36.04	IVR BB/ Stable (IVR Double B with Stable Outlook)	Assigned	Simple
2	Long Term Bank Facilities (Proposed)	10.45	IVR BB/ Stable (IVR Double B with Stable Outlook)	Assigned	Simple
3	Short Term Bank Facilities (Proposed)	1.00	IVR A4 (IVR A Four)	Assigned	Simple
Total		47.49 (Rupees Forty-Seven Crore and Forty-Nine Lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Sri Savitr Solar Pvt Ltd factors in the experienced promoters and operational track record of the company, proven project execution capability with reputed clientele, improved scale of operations and Government's thrust on solar energy.

The ratings, however, are constrained by modest financial risk profile, presence in a fairly fragmented industry and dependence on climatic conditions. The ability of the Company in increasing the scale of business and profit margin and improving debt protection metrics and capital structure will be key rating sensitivities.



Press Release

Key Rating Sensitivities:

Upward Factors

- Procurement of new orders providing medium to long term revenue visibility along with a substantial and sustained improvement in the revenue and cash accruals while maintaining the debt protection metrics and improvement in capital structure and liquidity.

Downward Factors

- Elongation of working capital cycle, any decline in the revenue and/or profitability leading to deterioration in liquidity position and impairment in debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and operational track record of the plant**

Mr. A V Ramesh and Mrs. A Sujatha are the Directors of the Company having decades of experience in the industry. The plant commenced commercial operations in 2011 and has demonstrated a satisfactory track record for the past 11 years.

- **Proven project execution capability with reputed clientele**

Over the past years, the company has successfully completed many EPC projects for various government and private entities along with manufacturing of Solar Panels. The repeat orders received from its clientele validates its capabilities. SSSPL bids for tenders placed by government and private entities.

- **Improved scale of operations**

The Company has achieved Total Operating Income of Rs. 101.62 Cr in FY22 (prov.) against Rs. 84.32 Cr. in FY21 while registering a y-o-y growth of 20.49% in FY22(Prov.). The profitability stood comfortable with an EBITDA margin of 6.80% and PAT margin of 1.11% in FY22 (prov.).



Press Release

- **Government's thrust on solar energy**

The Government of India has provided a thrust on developing renewable energy generation including solar power. The Ministry of New and Renewable Energy (MNRE) has set an ambitious target to set up renewable energy capacities to the tune of 450 GW by 2030 and the company is expected to be benefitted by the same.

Key Rating Constraints

- **Modest financial risk profile:**

SSSPL capital structure stood moderate as on March 31, 2022(Prov.), marked by overall gearing at 2.80x as on March 31, 2022(Prov.) though improved from 3.20x as on March 31, 2021. The total indebtedness of the company as reflected by TOL/ANW stood high at 5.79x as on March 31, 2022(Prov.) against 4.93x as on March 31, 2021.

- **Presence in a fairly fragmented industry**

The industry is fairly fragmented and competitive, which limits the pricing flexibility and bargaining strength of the players. Fragmentation and competition in the solar power EPC segment restrain any pass-through mechanism, leading to a volatile operating margin.

- **Dependence on climatic conditions**

The industry is weather dependent. Only those areas that receive good amount of sunlight are suitable for producing solar energy. During daytime, the weather may be cloudy or rainy, with little or no sun radiation. This makes solar energy panels less reliable as a solution.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria of assigning rating outlook](#)



Press Release

Liquidity: Stretched

The liquidity position of the company is stretched on account of high utilisation of working capital facilities at ~98% for the past 12 months ended June 2022. However, the current ratio remained adequate at 1.22x as on March 31, 2022 (Prov.). The company's cash and bank balance have been moderate at Rs.2.22 Crore as of March 2022 (Prov.). Operating Cycle continued to be stretched at 173 days as on 31 Mar 2022(Prov.) though bit improved from 185 days as on 31 Mar 2021 due to improved debtor's days.

About the Company

Sri Savitr Solar Pvt Ltd (SSSPL) is an ISO 14001:2015 & ISO 45001:2018 certified company headquartered in Hyderabad, India and holds three different manufacturing facilities in the region and it has been manufacturing solar panels in its native Hyderabad since 2011. In addition, they provide complete solutions for Solar Street Lighting, Solar Home Lighting, Solar Water Pumping, Off Grid Solar Power Plants, Grid Connected Power Plants as per MNRE (Ministry of New & Renewable Energy) specification.

The Company's Solar modules have TUV Rheinland certification in confirming to IEC 61215, IEC 61730, IEC 61701 standards for both POLY & MONO. The products are also certified by SEC & approved by MNRE.

Financials (Standalone):

For the year ended* / As on	INR in Crores		
	31-03-2020	31-03-2021	31-03-2022
	Audited	Audited	Provisional
Total Operating Income	88.72	84.32	101.62
EBITDA	6.47	6.69	6.91
PAT	0.98	0.75	1.13
Total Debt	31.62	40.15	38.26
Tangible Net worth (Adjusted)	11.79	12.54	13.68
EBIDTA Margin (%)	7.29	7.94	6.80



Press Release

PAT Margin (%)	1.10	0.89	1.11
Overall Gearing ratio (X) (Adjusted)	2.68	3.20	2.80

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: NA

Any other information: N.A.

Rating History for last year:

Sr. No.	Name of Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding/Proposed (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit (Sanctioned)	Long Term	28.30	IVR BB/ Stable	-	-	-
2	Cash Credit (Proposed)	Long Term	5.50	IVR BB/ Stable	-	-	-
3	GECL (Sanctioned)	Long Term	7.74	IVR BB/ Stable	-	-	-
4	Term Loan (Proposed)	Long Term	4.95	IVR BB/ Stable	-	-	-
5	Bank Guarantee (Proposed)	Short Term	1.00	IVR A4	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Pratik Panda Tel: (022) 62396023 Email: Pratik.panda@infomerics.com	Name: Mr. Prakash Kabra Tel: (022) 62396023 Email: Prakash.kabra@infomerics.com
--	---

About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.



Press Release

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

S. No.	Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Cr.)	Rating Assigned/ Outlook
1	Cash Credit (Sanctioned)	-	-	Not Applicable	28.30	IVR BB/ Stable
2	Cash Credit (Proposed)	-	-	Not Applicable	5.50	IVR BB/ Stable
3	GECL (Sanctioned)	-	-	Sept 2023	4.81	IVR BB/ Stable
4	GECL1 (Sanctioned)	-	-	2025	2.93	IVR BB/ Stable



Press Release

5	Term Loan (Proposed)	-	-	Not Applicable	4.95	IVR BB/ Stable
6	Bank Guarantee (Proposed)	-	-	Not Applicable	1.00	IVR A4

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Sri-Savitr-aug22.pdf>

Annexure 4: Detailed explanation of covenants of the rated facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.