

## Kotak Urja Private Limited

Instrument	Amount (Rs. crore)	Rating Action March 2016
Fund Based Cash Credit	22.00	[ICRA]B- ; revised from [ICRA]B+
Fund Based Working Capital Term Loan	8.00	[ICRA]B- ; revised from [ICRA]B+
Non-Fund Based Letter of Credit	5.00	[ICRA] A4; Re-affirmed
Non-Fund Based Bank Guarantee	7.00	[ICRA] A4; Re-affirmed
Fund Based/ Non Fund Based Unallocated	16.57	[ICRA]B- ; revised from [ICRA]B+ / [ICRA]A4 re-affirmed
<b>Total</b>	<b>58.57</b>	

ICRA has revised the long-term rating assigned to the Rs. 30.00 crore<sup>1</sup> fund based limits of Kotak Urja Private Limited (KUPL) from [ICRA]B+ (pronounced ICRA B plus) to **[ICRA]B-** (pronounced ICRA B minus)<sup>2</sup>. ICRA has also revised the long-term rating assigned to the Rs. 16.57 crore unallocated limits of the company from [ICRA]B+ (pronounced ICRA B plus) to **[ICRA]B-** (pronounced ICRA B minus). ICRA has re-affirmed the short-term rating assigned to the Rs. 12.00 crore non fund based limits and Rs. 16.57 crore unallocated limits at **[ICRA]A4** (pronounced ICRA A four).

### Rating Rationale

The ratings revision primarily takes into account the consistent overdrawal in the cash credit facility of the company and the instances of letter of credit devolvement in the past. ICRA takes note of the stretched liquidity position of the company on account of delayed payment realizations leading to higher debtor days, which combined with reduced creditor days, has increased the working capital intensity of the company in FY15 and 9m FY16. This, combined with reduced margins has led to negative cash flow from operations of the company in FY15. ICRA, however, takes note of the company's strategy to reduce the receivables by decreasing the exposure to the government segment and targeting the private sector which resulted in marginal improvement in FY15. The company also witnessed thin revenue growth in FY15 and no significant growth in revenue is expected in FY16 on account of a change in company strategy to target clients with better credit profile so as to reduce the receivables and ease the liquidity pressures. The ratings also take into consideration weak net margins due to increase in interest expenses, and stretched debt protection metrics with NCA/Total debt of 2.1% and interest coverage ratio of 1.1 during FY15. The solar sector is also exposed to intense competition with large number of organized/unorganized players which has kept the profitability metrics of KUPL under pressure.

The ratings, however, continue to favorably factor in the significant track record of the company in the solar industry since 1997, its established brand, market position and strong in-house research and development team. Further, the company has a very diversified and strong client base including government, residential and commercial buyers. The ratings also take into consideration the company's efforts to reduce the higher borrowing costs through low cost external commercial borrowings which may boost the company's profitability to an extent in the near term. Going forward, the company's ability to scale-up the operations by keeping in check the working capital and the profitability will remain the key rating drivers.

### Company Profile

Kotak Urja Private Limited (KUPL) is a Bangalore based company and was incorporated in 1997. It is engaged in the design, development, manufacture, integration, installation, commissioning and after sales service of various solar photovoltaic (lighting) and solar thermal (heating) applications. KUPL has the facilities to manufacture solar water heating systems and solar photo-voltaic modules. The company also has a R&D facility to design & develop new solar photo-voltaic products and provide customized solutions to customers to suit their requirements.

<sup>1</sup> 1 crore = 100 lakh = 10 million

<sup>2</sup> For a complete rating scale and definitions, please refer to ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA rating publications.



### **Recent Results**

KUPL reported a profit after tax (PAT) of Rs. 0.14 crore on an operating income (OI) of Rs. 129.21 crore in FY2015, as against a PAT of Rs. 2.17 crore on an OI of Rs. 122.66 crore in FY2014.

**March 2016**

*For further details please contact:*

Analyst Contacts:

**Mr. K. Ravichandran**, (Tel. No. +91-44-45964301)  
ravichandran@icraindia.com

Relationship Contacts:

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved.  
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: **9871221122**

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: **9821086490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500