

Premier Solar Systems Private Limited

Instrument	Amount In Rs. Crore	Rating Action
Fund Based Limits	10.00	[ICRA]BB (stable) revised
Non Fund Based Limits	40.00	[ICRA]A4 (stable) reaffirmed

ICRA has revised the long term rating assigned to Rs. 10.00 crore¹ fund based limits of Premier Solar Systems Private Limited (PSSPL)[†] from [ICRA]BB- (pronounced ICRA double B minus) to [ICRA]BB (pronounced ICRA double B). ICRA has reaffirmed the short term rating assigned to Rs.40.00 crore non fund based limits of PSSPL at [ICRA]A4 (pronounced ICRA A four). The outlook on the long term rating is stable.

The revision in rating primarily factors in healthy growth in revenues over the past one year from Rs.117.56 crore in FY2015 to Rs.190.36 crore in FY2016 on the back of increased order execution, established position in the solar photovoltaic module industry and established relationship with its customers resulting in repeat orders. The rating revision also factors in the company's diversified client base across geographies and order book of Rs.162.37 crore as on June 30, 2016 provides revenue visibility over the medium term. ICRA also factors in the favorable demand outlook for solar modules given the impetus of Indian government under Jawaharlal Nehru National Solar Mission (JNNSM) to increase the installed solar capacity to 100 GW by 2020. The ratings, however, are constrained by decline in margins over the past three years on account of increasing competitive intensity in solar industry with cheaper imported PV modules from China and Taiwan and PSSPL's shift in focus from manufacturing of solar modules to EPC of solar power projects, significant dependence on external funding as reflected by Total Outstanding Liabilities by Tangible Net worth ratio of 4.01 times as on March 31, 2016 owing to high creditors; and the exposure of profitability to volatility in foreign exchange rates given the absence of defined hedging policy. ICRA also notes that coverage indicators of the company are expected to adversely impacted in medium term given the proposed cap-ex of Rs.24.66 crore towards the setting up of new module manufacturing facility of 200MW. The cap-ex is to be funded by Rs.17.34 crore of term loan from IREDA and remaining from internal accruals.

Going forward company's ability to improve its scale of operation while maintaining its profitability and manage its working capital cycle effectively would be key rating sensitivities.

Company Profile

Incorporated in 1995, Premier Solar Systems Private Limited (PSSPL) manufactures a wide range of solar products such as mono / multi crystalline solar PV modules, solar lanterns, solar street lights, and solar water pumps. The manufacturing unit of the company is located near Hyderabad and is equipped with high end facilities, supported by R & D and testing labs. PSSPL manufactures the SPV modules from 5wp to 300wp with an annual installed capacity of 75 MW. The company also operates a 2 MW solar power plant in Jharkhand state. Main promoter of the company is Mr. Surendra Pal Singh, who has more than 2 decades of experience in solar power industry.

Recent Results

PSSPL has reported an operating income of Rs.117.56 crore and net profit of Rs.6.41 crore respectively in FY2015 as against an operating income and net profit of Rs. 190.36 crore and Rs. 6.59 crore in FY2016 (provisional and unaudited).

August 2016

¹ 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



For further details please contact:

Analyst Contacts:

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

R. Srinivasan (Tel. No. + 91 44 4596 4315)
r.srinivasan@icraindia.com

Mayank Maheshwari (Tel No. + 91 40 40676528)
mayank.maheshwari@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 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: +91 9871221122

Email: 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: +91 9821086490

Email: 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

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: +91 9845022459

Email: 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: +91 9845022459

Email: 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: +91 9821086490

Email: 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: +91 9821086490

Email: 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: +91 9845022459

Email: jayantac@icraindia.com

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