

## Grading Rationale

7 December 2022

**Brickworks Analytics assigns “Solar Power (SP) Grading# for Decentralised Solar PV Applications” - System Integrator of “SP2B” to Frizo India Pvt Ltd (the company). The Grading indicates ‘High Technical Capability’ and ‘High Financial Strength’**

System Integrator

SP 2B

Brickworks Analytics (BWA) has principally relied upon the audited financials of FY19, FY20, FY21 & FY22 of the company, publicly available information and information/ clarifications provided by the company.

The grading reflects the business experience of the directors in the solar energy industry, experience of key managerial personnel in the renewable energy sector, their ability to manage solar projects, experienced technical team, favourable demand outlook for solar energy, low debt –equity ratio with year-on-year increase in net worth of the company and favourable demand outlook for solar energy. The grading is, however, constrained by the inherent execution risks associated with solar projects, customer concentration risk as revenue majorly coming from Military Engineering services and intense competition from other players with higher capabilities & with established name in the vicinity.

### **Background of the Company**

Frizo India Pvt. Ltd (FIPL) was incorporated on 27th June 2008. It is located in Jodhpur, Rajasthan. The directors of the company are Mr.Gopal Krishan Gupta, Mr.Amul Gupta and Mr.Rajeev Kumar Gupta.

The company is registered as 'SS' Class contractor with MES (Military Engineering Services). The company undertakes on-grid and off-grid EPC (Engineering, Procurement and Construction) services and also undertakes contracts for providing installation and commissioning service, in solar energy intergraded projects such as assembling of solar power generation systems.

The Company has completed solar projects with an aggregate capacity of 1 MW to 6.3 MW. There are around 150 employees working for the company.

### **Technical Capability**

#### ***Promoter's Track Record***

Directors of the company have more than 15 years of business experience in solar energy industry.

#### ***Technical Expertise and Adequacy of Manpower***

The company has completed on & off Grid solar projects with total aggregate capacity of 16.7 MW so far. The company has an in-house experienced technical team of ~ 33 members to carry out the project specific requirements. The team is professionally qualified and has adequate work experience in solar related activities.

#### ***Quality of Suppliers and Tie-ups***

The Company procures materials such as Solar Modules, Cables, SPV Panels & Devices, Switchgears, transformers, Electrical appliances, Solar Modules and Solar Inverters from reputed vendors like Adani Solar, Mudra; Vikram Solar Pvt. Ltd, Kolkata; Khatri Hardware, Jodhpur; Vikas Cable, Jodhpur; Raymon Enterprises, Jodhpur; Crompton Greaves Ltd and Havells India Ltd, Jaipur; Andrew Yule & Company Ltd, Kolkata, etc

### Customers and O&M Network

Clientele of the Company includes Chief Engineer (CE) Jaipur Zone, C E WAC, Air Force, Palam, Delhi; CE(Army) Chandigarh Zone, Chandigarh; CE Army, Jodhpur; CE Navy Kochi. The company has 56 persons for O&M to provide service to existing installations.

The **Technical Capability** of the company is considered to be **High**.

### Financial Strength

**Sales:** The revenue of the Company has increased from INR 21.95 Crs in FY21 to INR 28.30 Crs in FY22.

**Debt Equity Ratio:** The company's leverage is low with debt–equity ratio of 0.03 times in FY22.

**Net Worth:** Tangible Net-worth of the Company is increasing Y-o-Y. It has increased from INR 9.20 Crs in FY19 to INR 12.14 Crs in FY22, due to retention of profits.

**Return on Capital Employed (ROCE):** The Company has moderate ROCE of 9.91% as on 31st March 2022 indicating efficient use of available resources.

**Conduct of Bank Account:** As per State Bank of India, SME Branch, Jodhpur, the company is availing Cash Credit and Bank Guarantee facilities and the conduct of account is Satisfactory.

The overall **Financial Strength** of the company is assessed to be **High**.

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