

## Grading Rationale

2 June 2022

**Brickworks Analytics reaffirms “Solar Power (SP) Grading# for Decentralised Solar PV Applications” - System Integrator of “SP2C” to M/s Godara Infratech And Power Industries (the Firm). The Grading indicates ‘High Technical Capability’ and ‘Moderate Financial Strength’**

System Integrator	SP 2C
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Brickworks Analytics (BWA) has principally relied upon the audited financials of FY19, FY20 & FY21 of the Firm, publicly available information and information/ clarifications provided by the Firm.

The grading reflects the business experience of the partners in the solar energy industry, experience of key managerial personnel in the renewable energy sector, their ability to manage solar projects, experienced technical team and favourable demand outlook for solar energy. The grading is, however, constrained by stretched liquidity, high gearing, the inherent execution risk associated with solar projects, geographical concentration of its projects limiting to Rajasthan and intense competition from organized and unorganized players in a highly fragmented nature of the industry.

### **Background**

M/s Godara Infratech And Power Industries (Earlier known as M/s Godara Construction And General Suppliers) is a Partnership firm established in January 2008. It was reconstituted on 12/6/2020 as Mrs. Chandra Kiran desired her willingness to retire from the partnership and Mr. Hanvant Dev joined the firm. The new partners decided to carry on the business with new name i.e., M/s Godara Infratech And Power Industries instead of M/s Godara Construction And General Suppliers. Mr. Balaram Godara and Mr. Hanvant Dev are the present partners of the firm, who are reported to have more than a decade of experience in the line of business.

The firm is engaged designing, installing, and commissioning solar power plants in Barmer, Rajasthan. It has installed so far projects with capacity of 5 MW. The firm is having in house structure manufacturing facility and design mould mounting structure as per site requirements

The firm also undertakes Engineering, Procurement and Construction (EPC) contracts for civil works, electrical, and mechanical works for installing rooftop solar systems by partnering with suppliers who are technology leaders and provides total turnkey solution including design, construction, and commissioning in Barmer District of Rajasthan. The process for solar project execution includes Load Assessment – Prefeasibility Study – Vendor Finalization – Project Planning – Delivery of Equipment – Installation and Commissioning.

The firm has been assessed by Quality Management System Certificate Registrars and found to be in compliance with the requirements of the standards of ISO 9001:2015 for construction of civil & road construction works, electrical (33KV HT Line) & mechanical works. Execution & earth moving services, logistic services, telecom, hardware & networking services, supply of manpower, drinking water, equipment & instruments, sewage and waste treatment service, mining & operation of installation for oil & gas field operations. The certificate is dated 9.7.2019 and is valid till 8.7.2022.

## **Technical Capability**

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

Partners of the firm have around a decade of business experience in solar business.

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

The firm has completed on & off Grid solar rooftop projects with an aggregate capacity of 5 MW so far. The firm has an in-house experienced technical team of ~ 5 members to carry out the project specific requirements. The team is professionally qualified and has more than a decade of work experience in solar related activities.

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

The firm procures materials such as Solar panels, Solar PV Models, Solar cabinets, assembling's and Solar Inverters from reputed vendors like Goldi Solar Private Limited and other local vendors.

### ***Customers and O&M Network***

Clientele of the firm include Garrison Engineer, Mahindra Susten and other local customers. It has 5 persons for O&M to provide service to existing installations

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

## **Financial Strength**

**Sales:** The revenue of the firm has improved from INR. 16.30 Crs in FY20 to Rs. 23.35 Crs in FY21 due to improved work orders.

**Debt Equity Ratio:** The firm is highly leveraged with debt-to-equity ratio at 1.90 times in FY21. However, when adjusted with unsecured loans the debt equity ratio is at 0.99 times only

**Net Worth:** Tangible Net-worth of the firm is INR. 2.93 Cr in FY21.

**Return on Capital Employed:** The firm has ROCE of 17.06% as on 31st March 2021 indicating efficient use of available resources.

**Conduct of Bank Account:** As per the manager of Kotak Mahindra Bank, Barmer Branch, Rajasthan, the firm is dealing with the Branch since 2018 and has availed Overdraft facility of INR. 100.00 Lakhs and Bank Guarantee limit of INR. 150.00 Lakhs. Overall conduct of the account is satisfactory. The facilities were last renewed 21.1.2021 and renewal is under process.

The firm has also availed secured loans (machinery) of INR. 187.00 Lakhs (outstanding as on 31.3.2021) from HDB Financial Services Ltd. The feedback is not made available.

The overall **Financial Strength** of the Firm is assessed to be **Moderate**.

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**Disclaimer:** A BWA SI/RESCO rating reflects BWA's opinion on the ability of the rated system integration company to undertake solar power projects.

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