



Grading Rationale

29 Jun 2020

Brickworks Analytics assigns “Solar Power (SP) Grading[#] for Centralised & Decentralised Solar PV Applications” – Manufacturer & System Integrator of “SP1B” to Nuotech Solar Systems Pvt Ltd. The Grading indicates ‘Highest Technical Capability’ and ‘High Financial Strength’

System Integrator	SP 1B
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BWA has principally relied upon the audited financials of FY17, FY18, FY19, provisional financials of FY20, projected financials of FY21 & FY22 and publicly available information and information/ clarifications provided by the Company.

The Grading has factored the business experience of the promoters in the solar energy industry, professional experience of key managerial personnel in the renewable energy sector, their ability to source & manage solar projects, experienced technical team, and favourable demand outlook for solar energy. The grading is, however, constrained by the inherent execution risk associated with any solar projects and intense competition from organized and unorganized players in a highly fragmented nature of the industry.

Background

M/s. Nuotech Solar Systems Pvt Ltd (NSSPL) was initially founded by Mr. Surendra Kumar as a proprietorship concern during 1992 as “Nuotech Solar” and later converted in to a private limited company on 12th March 2002. The company is constituted by two directors namely, Mr. Surendra Kumar K R, Managing Director and Mr. Prakash B, Director. Both the directors have more than two decades of experience in the relevant industry. NSSPL’s registered office is located at Magadi Road, Sunkadakatte, Bangalore and manufacturing unit of 35000 Sq.ft is at Seegehalli, Bangalore, Karnataka. NSSPL has two other offices located at Shimoga and Badami districts, Karnataka. NSSPL is engaged in the manufacture and sale of solar thermal products like solar water heaters, water purifiers, solar photovoltaic systems etc., under the brand name of ‘Nuotech’. The Company also does the installation and servicing of Solar Power Projects. There are 153 employees (Permanent and Contractual) working in the Company which includes skilled and semi-skilled employees. The Company is catering both Private and Government Customers. NSSPL’s Occupational Health and Safety Management System and Environmental Management System has been assessed and registered by Pyramid Certifications LLP for ISO 45001: 2018 and ISO 14001:2015 standards respectively which is valid till 28.11.2022. The Company has 252 Dealers in PAN India. The Company has in-house R & D center to evaluate its products. NSSPL has purchased a land of 2 acres from Karnataka Industrial Areas Development Board (KIADB) for expansion of business. NSSPL participates in various government tenders to acquire solar projects. NSSPL has an agreement with Mysore Sales International Limited (MSIL), a



Government Enterprises for supply of Solar Lightings and Solar Allied Products. MSIL will be marketing/trading Solar Water Heaters under the brand name “Hotspring” and Solar Allied Products under the brand name of “MSIL Lights”. The Agreement was executed on 4th Oct, 2019 and valid for 2 years. NSSPL has a healthy order book position of INR.14.04 crores from Karnataka State Sericulture Research Development Institute and BBMP.

Technical Capability:

Promoter's Track Record

Mr. Surendra Kumar K R is the Managing Director of Nuotech Solar Systems Pvt Ltd and holds 55% of stake in NSSPL and has more than two decades of experience in Solar Industry. Mr. Surendra Kumar has completed his Civil Engineering, Diploma Holder from S. M. Polytechnic, Shimoga. Mr. Surendra Kumar is the Key personal of the company in Nuotech's planning, implementation, monitoring, control, and coordination of all the departments.

Mr. Prakash B is the Director and has completed his Post Graduation from Bangalore University and has more than two decades of experience in Solar Business. Mr. Prakash holds 45% of Stake in the Company.

Technical Expertise and Adequacy of Manpower

The Company has an in house experienced technical team of 13 members to carry out the project specific requirements with one of the team members having 10 years of experience in solar energy sector. The Company, at present, has 8 ongoing projects on hand with total capacity to be executed is of 100 KW for Solar and 3200 Sq.Mtr for Water Heaters.

Quality of Suppliers and Tie-ups

The Company deals with various suppliers located in Bangalore and other cities of Karnataka. It procures solar related materials and equipment from the vendors.

Customers and O&M Network

Based out of Bangalore (Karnataka), NSSPL caters to solar power projects in the entire State of Karnataka. Clientele base of the company includes small and medium enterprises and residential consumers. Service of the installations is being looked after by separate technical team.

BWA considers the Technical Capability of the Company to be **Highest**.

Financial Strengths

- **Sales:** The revenue has declined from INR.41.33 Crores to INR.36.31 Crores in FY19. As per provisional financials, the company has achieved revenue of INR 31.92 Crores in FY20.
- **Total outside Liabilities/Tangible Net Worth:** TOL/TNW was low at 0.87 times as on March 31 2019.
- **Interest Coverage:** The Company has adequate Interest Service Coverage Ratio of 3.82 times in FY19.
- **Net Worth:** Tangible Net worth of the Company has increased from INR 11.43 crores in FY 18 to INR.15.04 Crores as on 31st March, 2019
- **Conduct of Bank Account:** The Company has its facility with Canara Bank, Rajajinagar Branch, Bangalore. NSSPL has availed Working Capital facility, Letter of Credit and Term Loan. The banker has confirmed that the conduct of the account is satisfactory. The Company has paid out the outstanding balance of Term Loan of INR.2.25 Crores on 11th June, 2020.
- **Current Ratio:** Liquidity position was adequate as indicated by Current Ratio of 1.55 times as on March 31, 2019.

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

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