

Grading Rationale

11 Aug 2020

Sree Nandhee's Technologies Pvt Ltd.

Brickworks Analytics assigns "Solar Power (SP) Grading[#] for Decentralised Solar PV Applications" - System Integrator of "SP2C" to Sree Nandhee's Technologies Pvt Ltd. 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 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 reflects the business experience of the promoters in the solar energy industry, 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 moderate scale of operations, moderate net worth, the inherent execution risk associated with solar projects and intense competition from organized and unorganized players in a highly fragmented nature of the industry.

Background

Sree Nandhee's Technologies Pvt Ltd (SNT) was incorporated in the year March 2000. Mr. C R Nagarajan & Smt. K Amudha, Directors of the company have experience of more than 15 years in the line of business. The company is located in Chennai Tamil Nadu.

The company is engaged in retail trading of UPS systems and solar products. It is also executing erection and commissioning of solar systems. The company is MNRE Channel Partner, and focused in the rooftop solar systems. It is having 20 years of experience in solar power and installed so far 5800 Kwp in solar projects. The company is having in house structure manufacturing facility and they design as per site requirements.

The company undertake Engineering, Procurement and Construction (EPC) for solar plants by partnering with suppliers who are technology leaders and provides total turnkey solution including design, construction and commissioning. The company also has dealership for BOSCH Solar Water Heaters.

The company is the premier partner of Emerson Network Power (I) Pvt Ltd for sales and services of solar systems which is an Emerson Electric Company's wholly owned subsidiary in India, where the SNT gets direct orders of solar systems.

The Company is also dealing in UPS Systems, smart row, harmonic filters, SMF batteries, power quality audit, rental and AMC services with 24/7 support with head office at Chennai and branch office at Coimbatore, and residential engineers at Madurai, Trichy, Salem, and Tirunelveli.

The company has been assessed by Management System Certificate Registrars for the requirements of ISO 9001:2015, since 2000 for installation and servicing (warranty, AMC & Servicing centre) of uninterrupted power supply systems and installation & warranty servicing of solar power products, which is valid till 8th August 2020.

Technical Capability

Promoter's Track Record

Directors of the company are well qualified and have 2 decades of business experience in solar energy industry, executing of Solar Off grid and on grid projects.

Technical Expertise and Adequacy of Manpower

The company has completed many solar projects till now. Further, it has 22 ongoing on-grid/off grid solar projects on hand. The Company has an in-house experienced technical team of ~ 8 members to carry out the project specific requirements. The team is professionally qualified and having more than 5 years of work experience in solar related activities.

Quality of Suppliers and Tie-ups

The Company procures materials such as Solar Modules, Cables, Switchgears, terminal Blocks, Electrical appliances, Solar Modules, ABS PC Enclosure and Solar Inverters from reputed vendors like Swelect Energy Systems Limited, Galileo Solar India Pvt Ltd, Balark Solar Pvt Ltd, Geesys Technologies (India) Pvt Ltd. The Company is also the premier partner of Emerson Network Power (I) Pvt Ltd for sales and services of solar systems.

Customers and O&M Network

Clientele of the Company includes BPCL Bangalore, Sundaram Finance Chennai, Canara Bank Hyderabad, Power Grid Corporation of India, and Tamil Nadu Generation And Distribution Corporation Limited. It has 8 persons in Chennai for O&M service of existing installations.

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

Financial Strength

Sales: The revenue of the company has decreased from Rs.13.53 Crs in FY18 to Rs. 11.40 Crs in FY19 due to decreased volume of contracts/orders. As per Provisional financials, the company has reported revenue of INR 10.87 Crs during FY20.

Total Debt/Tangible Net Worth: Company is highly leveraged with D/E ratio of 2.28 times in FY19.

Interest Coverage: Company has moderate debt protection matrix with Interest Service Coverage Ratio (ISCR) of 1.42 times in FY19.

Net Worth: Tangible Net-worth of the company is marginally increasing Y-o-Y. It has increased from Rs. 1.47 Cr in FY17 to Rs. 1.77 Cr in FY19 due to retention of profits.

Conduct of Bank Account: The Company has its borrowing facilities with Bank of Baroda, Nungambakkam Branch, Chennai. SNT has availed Cash credit and Bank Guarantee facilities from the bank. As per the banker, the company is dealing with them for the last 11 years and the conduct of account is regular & satisfactory.

Current Ratio: Liquidity position was moderate as indicated by Current Ratio of 1.49 times in FY19.

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

Analytical Contacts

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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.

Brickwork Analytics (BWA) has assigned the Rating based on the information obtained from the entity and other reliable sources which are deemed to be accurate. BWA has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWA does not make any representation in respect to the truth or accuracy of any such information. The Rating assigned by BWA should be treated as an opinion on the rated company. A BWA SI/RESCO rating is not a recommendation to use the services of the SI/RESCO, or to invest in any project undertaken by the SI/RESCO, or to lend to the SI/RESCO or invest in any financial instrument issued by the SI/RESCO. BWA shall not be liable for any losses incurred by users from any use of this Rating. BWA has the right to change, suspend or withdraw the Rating at any time, for any reason and as and when circumstances so warrant. This rating does not constitute an audit by BWA of the SI/RESCO. Further, no aspect or conclusion of this report is meant to be construed as legal advice. The assessment exercise of the entity concerned has been done for the limited purpose for which it has been intended and not for any other purpose.