

## RATING RATIONALE

18 Oct 2019

### ACME Solar Energy (MP) Pvt Ltd

**Brickwork Ratings reaffirms the ratings for the enhanced Bank Loan Facilities aggregating ₹ 180.26 Crores of ACME Solar Energy (MP) Pvt Ltd**

#### Particulars

Facility**	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Sep 2019)	Present@
Fund based	153.00	165.97	Long Term	BWR A (CE) Stable	BWR A (CE) Stable
	14.29	14.29	Short Term	BWR A2+	BWR A2+
<b>Total</b>	<b>167.29</b>	<b>180.26</b>	<b>INR One Hundred Eighty Crores and Twenty Six Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities are provided in Annexure-I

@ The unsupported rating of the company has been assessed at BWR BBB+ (Stable) based on the operational track record of the project and stability of its operational as well financial performance

#### RATING ACTION / OUTLOOK

The rating for the long term facility has derived credit enhancement in the form of unconditional & irrevocable co-obligor undertaking available from ACME Solar Technologies (Gujarat) Pvt Ltd. The nature of credit enhancement is explained in detail in the later part of the rationale.

The ratings continue to draw strength from the experienced and reputed promoters, established operational track record of the plant for five years, stable power generation levels over the past three years, revenue visibility as long term PPA is in place with fixed tariff, satisfactory track record of payments from the off-taker, generation of sufficient cash accruals to ensure timely servicing of debt and maintenance of TRA & DSRA equivalent to one quarter of principal and interest.

The ratings however, continue to remain constrained on account of susceptibility of the company's performance to adverse climatic conditions & technological changes, any change in the credit profile of the offtaker leading to increase in counterparty risk, considerable amount of loans extended to holding company which are not generating any income.

The outlook has been kept as Stable as the company's performance is likely to remain consistent with stable revenue and cash generation.

**For other details on the rating, please refer to our rationale published on 17 Sep 2019 at the given link: [ASEMP Rationale\\_Sep 2019](#)**

## COMPANY PROFILE

ACME Solar Energy (MP) Pvt Ltd (ASEMP) is a 100% subsidiary of ACME Solar Energy Pvt Ltd, which is a step down subsidiary of ACME Cleantech Solutions Pvt Ltd. ASEMP being Special Purpose Vehicle (SPV) was set up to develop grid-connected solar power projects in Madhya Pradesh. It has set up a 25 MW solar power project based on Thin Film Photovoltaic (PV) technology using Polycrystalline & Thin Film PV modules in the state of Madhya Pradesh under the MP State Solar Policy. The company is supplying power to M.P. Power Management Co. Ltd (MPPMCL) under Power Purchase Agreement (PPA) signed in Jan 2014 at a levelized tariff of Rs. 8.05/kWh for a period of 25 years. The COD was achieved on Jan 18, 2014 and the plant has operated at a plant load factor (PLF) in the range of 20%-22% over the past two years.

## PROFILE OF CO-OBLIGOR

ASTGPL, incorporated in 2009, is also a step down subsidiary of ACME Cleantech Solutions Pvt Ltd. It has set up a 15 MW grid-connected solar power plant in district Anand, Gujarat using thin film technology. The company is supplying power to Gujarat Urja Vikas Nigam Ltd (GUVNL) (rated BWR AA+ (Stable)/A1+) under a 25 years Power Purchase Agreement (PPA) signed in May 2010 at a tariff of Rs.15/kWh for first 12 years and at Rs. 5/kWh for the next 13 years as per the Gujarat State Solar Policy Framework 200. The COD was achieved on March 13, 2012 and the plant has operated at a plant load factor (PLF) of 18.32% in FY18.

## KEY FINANCIAL INDICATORS

Particulars	Units	FY18 (A)	FY19 (A)
Revenue from Operations	Rs. Crs	37.73	36.31
EBITDA	Rs. Crs	34.61	33.32
PAT	Rs. Crs	3.95	10.06
Operating Margin	%	91.72	91.77
Net Profit Margin	%	10.46	27.72
Total Debt	Rs. Crs	177.33	167.21
Tangible Net Worth	Rs. Crs	59.68	69.75
Total Debt/TNW	Times	2.97	2.40
Receivables Days	Days	33	32

## FINANCIAL INDICATORS – CO-OBLIGOR

Particulars	Units	FY18 (A)	FY19 (A)
Revenue from Operations	Rs. Crs	22.61	23.38
EBITDA	Rs. Crs	20.40	20.91
PAT	Rs. Crs	2.36	4.21
Operating Margin	%	90.26	89.44
Net Profit Margin	%	10.44	18.01
Tangible Net Worth	Rs. Crs	39.19	43.40
Total Debt/TNW	Times	3.17	2.60

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA**

**RATING HISTORY**

Facility	Current Rating			Rating History			
	Tenure	Amount (₹ Crs)	Rating	Sep 2019	2018	2017	2016
Term Loan	Long Term	165.97	BWR A (CE)/Stable	BWR A (CE)/Stable	BWR A (SO)/Stable	BWR A (SO)/Stable	NA
WC DL	Short Term	14.29	BWR A2+	BWR A2+	BWR A2+	BWR A2+	NA
<b>Total</b>		<b>180.26</b>	<b>INR One Hundred Eighty Crores and Twenty Six Lakhs Only</b>				

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**HYPERLINK/REFERENCE TO APPLICABLE CRITERIA**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)
- [Credit Enhancement](#)

Analytical Contacts	Investor and Media Relations
<b>Aakriti Sharma</b> <b>Assistant Manager - Ratings</b> Board: +91 11 2341 2232 Ext: 111 <a href="mailto:aakriti.s@brickworkratings.com">aakriti.s@brickworkratings.com</a>  <b>Vipula Sharma</b> <b>Director- Ratings</b> Board: +91 80 4040 9940 <a href="mailto:vipula.s@brickworkratings.com">vipula.s@brickworkratings.com</a>	Liena Thakur  Assistant Vice President - Corporate Communications  +91 84339 94686  <a href="mailto:liena.t@brickworkratings.com">liena.t@brickworkratings.com</a>



**ACME Solar Energy (MP) Pvt Ltd  
ANNEXURE I**

**Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1.	IIFCL	Term Loan	37.87	-	37.87
2.	India Infradebt	Term Loan	65.14	-	65.14
3.	L&T IDF	Term Loan	50.37	-	50.37
4.	L&T Fincorp	Term Loan	12.59		12.59
5.	L&T Fincorp	WCDL	-	14.29	14.29
<b>TOTAL</b>					<b>180.26</b>

**Total - INR One Hundred Eighty Crores and Twenty Six Lakhs Only**

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