



## Rating Rationale

ACME Solar Energy (MP) Pvt Ltd.

22<sup>nd</sup> Feb 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of ACME Solar Energy (MP) Pvt Ltd.

### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<b>Fund Based</b> Term Loan	<b>191.00</b>	<b>Long Term</b>	<b>BWR A (SO)</b> <b>(Pronounced BWR Single A)</b> <b>(Structured Obligation)</b> <b>Outlook: Stable</b>
<b>Non-Fund Based</b> WCDL	<b>14.29</b>	<b>Short Term</b>	<b>BWR A2+</b> <b>(Pronounced BWR A Two Plus)</b>
<b>Total</b>	<b>Rs. 205.29 Crores (INR Two Hundred Five Cores and Twenty Nine Lakhs Only)</b>		

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

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The ratings draw comfort from the Group's track record in solar power, steady revenue, assured off-take of power in view of long term PPA with M.P. Power Management Company Limited (MPPMCL) at a fixed tariff, comfortable debt service coverage indicators and secured mechanism in place by way of Debt Service Reserve Account (DSRA) equivalent to one quarter of principal and interest payment. The ratings are, however, constrained on account of counter party risks in terms of any change in the credit worthiness of the off-taker, inherent risks associated with solar power business such as adverse climatic conditions & technological challenges and increasing debt obligations and interest costs. However, BWR notes that the Company has maintained adequate margins of safety in the payment of current and future debt obligations.

The suffix 'Structured Obligation' in the rating is on account of the credit enhancement derived by way of irrevocable & unconditional co-obligor undertakings provided by ACME Solar



Technologies (Gujarat) Pvt. Ltd (Group Company of ACME Cleantech Solutions Pvt Ltd) and maintenance of Trust & Retention Account (TRA).

### Rating Outlook: Stable

BWR believes the ACME Solar Energy (MP) Pvt. Ltd. business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures, or there are payment delays from MPPMCL.

### About the Company

ACME Solar Energy (M.P.) Pvt Ltd (ASEMPPL), incorporated in 2009 at New Delhi as a Special Purpose Vehicle (SPV) by ACME Solar Energy Pvt Ltd, which is a step down subsidiary of ACME Cleantech Solutions Pvt Ltd. The company operates a 25 MW solar power project in Madhya Pradesh, which is based on Thin Film Photovoltaic (PV) technology. The company has a Power Purchase Agreement (PPA) with M.P. Power Management Company Ltd (MPPMCL) for off-take of the entire power generated from the project at a weighted average fixed tariff of Rs. 8.05/kwh for a period of 25 years. The engineering, procurement and construction contract (EPC) for the project was executed by ACME Cleantech Solutions Pvt Ltd, the holding company, and the project was commissioned in Jan 2014. The company’s operations have stabilized with consistent Plant Load Factor (PLF) of ~22.20%.

### Company’s Financial Performance

The company reported an Operating Income of Rs. 39.49 Crs in FY16 as compared to Rs. 39.62 Crs in FY15. The company also reported Net Profit of Rs. 3.48 Crs in FY16. Cash surplus generated in FY16 was Rs. 18.20 Cr, as against principal debt servicing obligation of Rs. 8.25 Cr. The company’s Networth as of FY16 was Rs. 72.38 cr.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1.	Term Loan	Long Term	191.00	BWR A (SO) (Outlook Stable)	N.A	N.A.	N.A.
2.	WCDL	Short Term	14.29	BWR A2+	N.A	N.A	N.A



Status of non-cooperation with previous CRA (if applicable): Not Applicable

### Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)
- [Structured Obligations \(SO\) Instruments](#)

For any other criteria obtain hyperlinks from website

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#### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.



**DISCLAIMER**

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