



## Rating Rationale

Alex Astral Power Pvt. Ltd.

6<sup>th</sup> January 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 207.49 Cr of Alex Astral Power Pvt. Ltd.**

## Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	231.98	207.49	Long Term	BWR BBB- Outlook: Stable	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable
Total		Rs. 207.49 Crores (Rupees two hundred and seven Crores and forty nine lakhs Only.)			

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

## Rating Reaffirmed

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

The rating has continued factoring, *inter alia*, qualified and experienced management; location advantage of the plant with a minimum guaranteed CUF of 19.25%; consistent revenue generation assurance owing to the long term PPA with *Gujarat Urja Vikas Nigam Ltd. (GUVNL)* for 25 years. BWR has also factored the recent decision by the board to increase equity base for which Rs.4.50Cr shall be introduced in three monthly installments starting from January 2016, as reported by the management.



The Rating is however, constrained by, high gearing; modest coverage ratios with company incurring net book loss at PAT levels; inherent risk of the industry pertaining to the climatic condition which might affect the profitability of the company.

Going forward, sustainability in the revenue from operations and achieving profit at PAT level with improvement in the coverage ratios coupled with reduction in the gearing level, would be the key rating sensitivities.

### **Rating Outlook: Stable**

BWR believes the **Alex Astral Power 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.

### **About the Company**

Alex Astral Power Pvt. Ltd. (AAPPL) was incorporated in 2009 by Kolkata based Sureka family. The company has two directors/Promoters namely, Mr. Prannay Sureka and Mr. Pratyush Kumar Sureka.

The promoters started its entrepreneurship in real estate industry based in Kolkata and gradually diversified to solar power plant industry in 2009.

It started with a major plant of 25 MW situated at Charanka solar power plant, Gujarat and it also has solar plants situated at Rajasthan and Orissa of 5 MW each.

The company has entered into a PPA with Gujarat Urja Vikas Nigam Limited (GUVNL) (rated as *CARE A+ as on 28<sup>th</sup> March 2016*) for a period of 25 years. The rate per unit of electricity produced and sold to GUVNL is Rs. 15/KwH for the first 12 years and thereafter Rs. 5/KwH for the rest of the period. It has a comprehensive O&M contract wherein all the repairs and maintenance will be provided by the O & M contractor and is also coupled with a clause which states that the O&M contractor has guaranteed a minimum operational level of 19.25% and any revenue loss where PLF is less than 19.25% will be borne by the O&M contractor.

AAPPL built a PV solar plant using thin *film CdTe technology* which is more suitable in India considering its extreme and harsh weather conditions. These equipments were all procured from *First Solar (USA)*, a leading manufacturer in this industry.



It also has its group concerns namely Alex Spectrum Radiation Pvt. Ltd. and Alex Green Energy Pvt. Ltd., which has solar plants situated at Rajasthan and Orissa of 5 MW each respectively.

### Company Financial Performance

In FY16, the company recorded total operating income of Rs. 62.74 Cr with a net loss of Rs. 3.63 Cr as against total operating income of Rs. 61.42 Cr and net loss of Rs. 23.64 Cr in FY15. The net loss has declined majorly on account of increase in non-operating income apart from reduction in depreciation and interest cost. TNW stood at Rs. 48.14 Cr in FY16 compared to Rs. 60.49 Cr in FY15 due to the refund of the share application money for statutory purpose. Hence, Debt-Equity of the company deteriorated to 4.44X in FY16 compared to 4.01X in FY15.

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	7 Aug. 2015	2014
1	Term Loan	Long Term	207.49	BWR BBB- Outlook: Stable	-	BWR BBB- Outlook: Stable	Not Applicable

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



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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**

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