

RATING RATIONALE

Goodwatts Solar Modasa 2MW Pvt Ltd

Brickwork Ratings Reaffirms the ratings for the Bank Loan Facilities ₹. 12.56 Crores of Goodwatts Solar Modasa 2MW Pvt Ltd (GSM2MWPL or the ‘Company’)

Particulars

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Aug, 2018)	Present
Fund based	14.70	12.56	Long Term	BWR BBB- (SO) Stable	BWR BBB- (CE) Reaffirmed Stable
Total	14.70	12.56	INR Twelve Crores and Fifty Six Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

CE refers to credit enhancement derived from the corporate guarantee of Abellon Clean Energy Limited., [ACEL - currently rated BWR BBB- (Stable)]; hence, operating and financial performance of ACEL and its continued support, are key rating sensitivities.

Unsupported Rating: BWR BB (Stable)

RATING ACTION / OUTLOOK

Brickwork Ratings has reaffirmed the rating of Goodwatts Solar Modasa 2MW Pvt Ltd to BWR BBB- CE (Stable) for the bank loan facilities of Rs.12.56 Crs.

The reaffirmation of ratings reflects GSM2MWPL being part of reputed Abellon Group of Ahmedabad - Gujarat, experienced & professional management team, revenue visibility for the next 20 years with 25 years PPA with UGVCL and creation of DSRA aiding timely servicing of debt. The rating is however constrained by inherent risk associated with solar power business and revenues being susceptible to delays, as the buyer is a State Government entity.

The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. BWR expects that GSM2MWPL’s business risk profile will be maintained over the medium term. The outlook may be revised to Positive if the Company records significantly better-than-expected revenue and profitability resulting in better debt coverage metrics and liquidity profile. The outlook may be revised to Negative if the Company reports significantly lower than expected performance, resulting in lower than estimated coverage indicators and a weaker liquidity position.

KEY RATING DRIVERS

Credit Strengths:

- **Part of Abellon Group:** Goodwatts Solar Modasa 2MW Pvt Ltd is a special purpose vehicle created by Abellon Clean Energy Limited (Abellon Group), with a purpose of owning and running the operative 2MW solar plant on a standalone basis.
- **Experienced Management:** Mr. Aditya Handa, Managing Director of Abellon Group, is well experienced in renewable energy business. Abellon group, promoted by Mr. Aditya Handa, is currently focussed on Waste-to-Energy projects, and implementing multiple projects in the State of Gujarat. He is supported by a professional and qualified management team.
- **Revenue Visibility:** The power of the 2 MW solar power plant is sold to UGVCL under long term PPA agreement valid upto 25 years.
- **DSRA:** As per sanction terms, DSRA equivalent to two quarters installment and interest has been created up-front from the date of disbursement. This will help in timely servicing of debt, in the event of any eventualities.

Credit Concerns:

- **Inherent risk associated with solar power business:** The various risk factors which can impact the operations of the company are volatility in solar radiation levels, decline in power generation due to change in temperature and climatic conditions, inverter inefficiency, module degradation due to aging, etc.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has reviewed GSM2MWPL along with Corporate Guarantee provided by ACEL. The above ratings address the servicing of the bank facilities to happen as per the terms of the underlying loan and the guarantee arrangement, and the rating assumes that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower.

RATING SENSITIVITIES

Positive: BWR may revise the ratings upward, if Abellon Group is able to improve its net cash accruals/total debt above 0.20 times, coupled with consistent growth in its turnover levels y-o-y over the medium term.

Negative: BWR may revise the ratings downwards, if Abellon Group's scale of operations deteriorates and profitability levels decline further over the medium term.

LIQUIDITY POSITION

Liquidity position of GSM2MWPL is slightly stretched reflected by below average debt service coverage ratio at 0.95 times in FY19. Net cash accruals/total debt were low at 0.11

times in FY19. However, current ratio is adequate at 3.26 times as on 31st March 2019. Further, ACEL's liquidity remained below average during the year reflected by low debt protection metrics and inadequate net cash accruals/total debt in FY18 & FY19.

ABOUT THE GUARANTOR: ACEL

Abellon Group is an integrated sustainable energy solutions provider which contributes to clean energy generation mainly through bioenergy including solid biofuel, bio power and other forms of clean energy generation. Abellon Group has been operating manufacturing facilities at multi locations in Gujarat. Facilities include 2 Biomass Pellet Plants with a combined capacity of 1.25 Lakh MT per annum, A Biomass Power Plant of 9.9 MW & a Solar Power plant of 3MW and 2MW.

ABOUT THE ISSUER: GSM2MWPL

Goodwatts Solar Modasa 2MW Private Limited, was incorporated on 3 Jan 2017, by Abellon CleanEnergy Limited (ACEL) [*rated BWR BBB- (Outlook: Stable); Date 6th May 2019; Amount: Rs. 21.11 crore*], as a Special Purpose Vehicle (SPV), with an intent to owning and running the solar asset on a stand alone business with an aggregate capacity of 2 MW at Modasa, Gujarat. The plant became operational in Feb 2012 under Claris Lifesciences Limited. Abellon Clean Energy Limited (ACEL) has acquired 2MW project at Modasa from Claris Lifesciences Limited (CLL) through its SPV Goodwatts Solar Modasa 2MW Pvt Ltd.

KEY FINANCIAL INDICATORS (in INR Crs)

FINANCIAL INDICATORS - ISSUER

Key Parameters	Units	FY19	FY18
Result Type		Provisional	Audited
Total operating Income	Rs in Crs	2.89	0.82
EBITDA	Rs in Crs	2.81	0.46
PAT	Rs in Crs	0.52	(0.37)
Tangible Networkth	Rs in Crs	15.40	14.88
Total Debt/TNW	Times	0.87	1.11
Current Ratio	Times	3.26	1.66

FINANCIAL INDICATORS – CREDIT ENHANCEMENT PROVIDER

Key Parameters	Units	FY19	FY18
Result Type		Provisional	Audited
Total operating Income	Rs in Crs	89.12	43.89
EBITDA	Rs in Crs	18.75	10.32
PAT	Rs in Crs	(16.65)	(23.08)
Tangible Networkth*	Rs in Crs	146.66	163.30



*The company has compulsory convertible debentures worth Rs 167.29 reflected in long term borrowings and are equity in nature. However, the same have not been included in tangible network.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The terms of sanction for the bank loan facilities include standard covenants normally stipulated for such facilities. Repayment of term loan commenced from Q3FY18. Further, as per the sanction letter, corporate guarantee has been extended by M/s Abellon Clean Energy Limited (Holding Company). Credit enhancement for GSM2MWPL has been derived from the corporate guarantee of Abellon Clean Energy Limited. Additionally, personal guarantee is provided by Mr. Aditya Handa (Director).

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA

RATING HISTORY

Instrument	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	Aug, 2018	2017	2016
Fund Based	Long Term	12.56	BWR BBB- (CE) Reaffirmed Stable	BWR BBB- (SO) Stable	NA	NA

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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Goodwatts Solar Modasa 2MW 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.	State Bank of India	Term Loan	12.56	0.00	12.56
TOTAL					12.56

Total Rupees Twelve Crores and Fifty Six Lakhs only.

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