



Rating Rationale

ACME Cleantech Solutions Pvt. Ltd.

10May2019

Brickwork Ratings reaffirms the rating for the 8% secured listed Non-Convertible Debentures (NCD) of Rs. 394.06 Crores of ACME Cleantech Solutions Pvt. Ltd ('ACME Cleantech' or 'the Company').

Particulars

Instrument	Issue Date (dd.mm.yyyy)	Previous Amount (Rs. Crores)	Present Amount (Rs. Crores)	Coupon	Maturity Date (dd.mm.yyyy)	ISIN Particulars	Previous Rating (Aug 2017)	Review Rating*
8% Secured listed NCD	27.07.2016	426.07	394.60**	8% per annum	26.01.2022	INE236107012	BWR BBB+ (Pronounced as BWR Triple B Plus) (Outlook Stable)	BWR BBB+ (Pronounced as BWR Triple B Plus) (Outlook Stable) (Reaffirmed)

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

**As per the Company's management confirmation, ACME Cleantech has been consistently making principal payments ahead of time and thus outstanding balance as on 31.03.2019 of the said NCD was Rs. 394.60 Cr.

Rating: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating draws strength from the promoters extensive experience, ACME Cleantech's standing as a leading player in the renewable energy segment, established track record of the group in commissioning significant capacities through various Special Purpose Vehicles (SPVs) resulting in considerable growth in revenue generation over the past two years and satisfactory healthy order book position from its own SPV's reflecting healthy revenue visibility over the medium term.

The rating, however, remains constrained on account of high debt at consolidated level against its total tangible net worth position, significant amount of debt-funded plans which may further deteriorate its gearing profile over the medium term, moderate coverage indicators and reduced financial flexibility, susceptibility to climatic conditions and counterparty risk/delay in receivables as ~ 30% of the power is being supplied to discoms of Andhra Pradesh and Telangana which have moderate financial risk profile.



BWR also takes note of the group's large capex plans (through various SPVs) which requires significant amount of equity contribution over the next two financial years.

Going forward, the ability of the Company to raise funds through monetising its operational assets or stake sale transactions, complete its under-implementation projects on time and within the stipulated costs, bring down the group debt levels to improve its overall financial risk profile and coverage ratios shall remain the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

Experience promoters: ACME Group is promoted by Mr. Manoj Kumar Upadhyay, who has over two decades of experience in the renewable energy and telecom segment. He is a founding member of the Indian Solar Power Association and Solar Power Developers Association. ACSPL's boards comprise professionals with diverse experience backgrounds. Also, the board is supported by a team of qualified professionals heading various business segments of the company. The company also has a team of qualified engineers involved in developing and managing the different solar power projects.

Considerable operational assets: ACME Group owns operational solar assets of over 1814 MW through various SPVs which are spread over various geographies viz. Andhra Pradesh, Madhya Pradesh, Telangana, Odisha, Punjab, Bihar, Chattisgarh, Uttarakhand, Rajasthan and Uttar Pradesh etc. These SPVs have entered into long term PPAs with tenure of up to 25 years for all its operational assets leading to healthy revenue visibility. Though the majority of its assets are diversified, Telangana and Andhra Pradesh's state discoms contributes ~ 30% of the group's revenue.

Healthy revenue visibility of the Group: Out of 1814 MW, 760 MW of assets became operational during FY19 leading to significant growth in revenue generation. At consolidated level, revenue of the group is estimated to increase from Rs. 1210.17 Cr in FY18 to over Rs. 1600 Cr in FY19. Projects under implementation with cumulative capacity of 1555 MW are likely to be commissioned in FY20 and FY21 and thus, the revenues are further expected to go up.

Healthy order book position of the Company: The group is implementing assets of over 2705MW (2155 MW are under construction and 550 are under pipeline). Majority of its assets will become operational over the next two financial years which reflects healthy EPC revenue visibility. However, revenue growth is highly dependent on the group's ability to achieve financial closure, timely execution of PPA agreements and bring in additional equity contribution for its remaining pipeline projects.

Credit Risks:

Sizeable debt: ACME Group has a debt of Rs. 10099 Cr (excluding short-term borrowings which are fully secured through fixed deposits) at the consolidated level during 9MFY19. It also includes corporate debt of around Rs. 1458 Cr, availed from Piramal Enterprises Ltd having back-ended maturities in FY21 and FY22. The ability of the promoters to raise funds through monetising its operational assets or stake sale transactions in order to service the outstanding corporate debt remains the key rating sensitivity. However, BWR also notes that the majority of its debt comprises project level debt which are secured



through escrow mechanism and debt service reserve account (DSRA) being maintained in each SPV project.

Moderate coverage ratios: Due to significant amount of debt obligation coupled with accumulated losses over the past three years, ISCR (interest service coverage ratio) and DSCR (debt service coverage ratio) of the group remain moderate. The group has expanded considerably over the past three years by way of implementing projects at various locations leading to huge amount of debt.

Large capex program: ACME Group plans to implement solar projects of around 2705 MW (2155 MW are under construction and 550 are under pipeline) leading to increase debt position at consolidated level over the medium term. Out of these projects, around 2350 MW of assets are yet to achieve financial closure which required equity contribution of more than Rs. 2500 Crores.

Liquidity position of the group:

The group has moderate liquidity position, having cash & cash equivalents (including fixed deposits) position amounting to Rs. 2834.30 Cr out of which Rs. 2127.80 Cr is provided as a security towards suppliers credit/bank guarantees/letter of credit and Debt Service Reserve Account. Going forward, the group has annual repayment obligation of around Rs. 583 Cr (including corporate debt) in FY20 for which it expects to generate cash accruals (PAT + Depreciation) of around Rs. 733 Cr providing adequate coverage for its upcoming annual debt obligation.

Industry Outlook:

Solar power constitutes 30% of the commissioned and the remaining is from wind power segment. Solar power plants are susceptible to adverse climatic conditions which may lead to fall in PLF levels, though wind power plants are more susceptible to PLF volatility. Other issues pertaining to this sector are weak financial profile of various discoms, high dependency on imported solar modules coupled with intense competition with other larger players in this sector. Though, majority of the company's operating assets have been tied-up at tariffs in the range of Rs. 4-6/unit, assets which are under implementation have been awarded with lower tariffs in the range of Rs. 2-3/unit.

Analytical Approach

For arriving at its rating, BWR has assessed the standalone financials of ACME Cleantech Solutions Pvt Ltd and consolidated financials of ACME Solar Holding Ltd (ASHL) (holding company of all solar SPVs). ASHL has 65 subsidiaries whose financials are consolidated with it. List of these subsidiaries are enlisted at Annexure I. Also please refer to the applicable criteria at the end.

Rating Outlook: *Stable*

BWR believes the group's 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 promoters raise funds in order to bring down its corporate debt significantly, increase its revenue generation capacity and improve its coverage ratios over the medium term. The rating outlook may be revised to 'Negative' if gearing remains high with lower revenue and profitability levels and expected cash inflows remains lower than expected figures submitted to BWR.



About the Company

ACME Cleantech Solutions Pvt. Ltd. (ACSPL) (flagship company of the ACME Group), incorporated in 2003, is one of the leading players in the renewable energy segment. ACSPL is promoted by Mr. Manoj Upadhayay & its corporate office is based at Gurgaon. It operates into three main verticals - EPC business, Telecom infra & EcoGrid solutions. More than 90% of its revenue is generated from EPC business. It provides in house EPC solution to its own various SPV's located at multiple locations in India.

ACME Group (through various SPV's) has been building up capacities ever since and presently, has a portfolio of 1814 MW capacity of operational assets. Apart from this, the group has solar power assets under implementation with a capacity of 2155 MW and solar power assets of 550 MW are under pipeline.

Brief details of group structure

ACME Cleantech Solutions Pvt Ltd, a holding company of ACME Solar Holdings Ltd (ASHL), is fully owned by Mr. Manoj Kumar Upadhayay family. Further, ASHL directly or indirectly owns various SPVs which are operating solar power assets and have PPA's (power purchase agreements) with various state government discoms and central agencies like SECI and NTPC.

Company Financial Performance

Standalone financials of ACME Cleantech Solutions Pvt Ltd:

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Operating Revenue	₹ Cr	3622.03	2771.12
EBITDA	₹ Cr	541.63	307.81
PAT	₹ Cr	195.53	105.91
Total Debt/Tangible Net worth	Times	0.54	1.04
ISCR	Times	5.36	2.45

Key financials of ACME Solar Holdings Ltd (holding company of all SPVs):

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Operating Revenue	₹ Cr	383.56	1157.11
EBITDA	₹ Cr	330.47	942.98
PAT	₹ Cr	-89.95	-240.23

Adjusted Total Debt/Tangible Net worth	Times	2.28	3.46
ISCR	Times	1.34	1.45

Rating History for the last three years

Sl. No.	Instrument	Current Rating (Year 2019)			Rating History		
		Type	Amount (Rs Crs)	Rating	21 Feb 2019	27 Sep 2018	31 Aug 2017
1	8% Secured Listed NCD	Long Term	394.60	BWR BBB+ (BWR Triple B Plus) (Outlook Stable) (Reaffirmed)	BWR BBB+ (BWR Triple B Plus) (Outlook Stable) (Reaffirmed) Issuer did not Cooperate	BWR BBB+ (BWR Triple B Plus) (Outlook Stable) (Reaffirmed) Issuer did not Cooperate	BWR BBB+ (Outlook Stable)
TOTAL			394.60	INR Three Hundred & Ninety Four Crores and Sixty Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-N.A.

Any other information - Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Consolidation of Companies](#)

Annexure I - List of Subsidiaries

S.No	Name of the Subsidiary	As at 31 March 2018
1	ACME Panipat Solar Power Private Limited	100%
2	ACME Mahbubnagar Solar Energy Private Limited	100%
3	ACME Rewari Solar Private Limited	100%

4	ACME Kurukshetra Solar Energy Private Limited	100%
5	ACME Yamunanagar Solar Private Limited	100%
6	ACME Hisar Solar Private Limited	100%
7	ACME Bhiwadi Solar Private Limited	100%
8	ACME Karnal Solar Private Limited	100%
9	ACME Kaithal Solar Private Limited	100%
10	Devishi Renewable Energy Private Limited	100%
11	Devishi Solar Power Private Limited	100%
12	Eminent Solar Power Private Limited	100%
13	Sunworld Energy Private Limited	100%
14	ACME Solar Power Technology Private limited	100%
15	ACME Fazilka Power Private Limited	100%
16	ACME Nizamabad Solar Energy Private Limited	100%
17	ACME PV Powertech Private Limited	100%
18	ACME Warangal Solar Power Private Limited	100%
19	ACME Narwana Solar Power Private Limited	100%
20	ACME Medak Solar Energy Private Limited	100%
21	ACME Ranga Reddy Solar Power Private Limited	100%
22	ACME Karimnagar Solar Power Private Limited	100%

S.No	Name of the Subsidiary	As at 31 March 2018
23	Sunworld Solar Power Private Limited	100%
24	Neemuch Solar Power Private Limited	100%
25	Purvanchal Solar Power Private Limited	100%
26	Rewanchal Solar Power Private Limited	100%

27	ACME Solar Energy Private Limited Holding Company	100%
28	ACME Odisha Solar Power Private Limited	100%
29	ACME Raipur Solar Power Private Limited	100%
30	ACME Solar Energy (Madhya Pradesh) Private Limited	100%
31	ACME Solar Technologies (Gujarat) Private Limited	100%
32	Dayakara Solar Power Private Limited	100%
33	Grahati Solar Energy Private Limited	100%
34	ACME Magadh Solar Power Private Limited	100%
35	ACME Nalanda Solar Power Private Limited	100%
36	ACME Jodhpur Solar Power Private Limited	100%
37	Nirosha Power Private Limited	100%
38	Vittanath Power Private Limited Holding Company	100%
39	ACME Solar Rooftop Systems Private Limited	100%
40	Mihit Solar Power Private Limited	100%
41	ACME Deoghar Solar Power Private Limited	100%
42	ACME Rewa Solar Energy Private Limited	100%
43	ACME Jaipur Solar Power Private Limited	100%
44	Aarohi Solar Private Limited	100%
45	Niranjana Solar Energy Private Limited	100%
46	ACME Vijayapura Solar Energy Private Limited	100%
47	ACME Koppal Solar Energy Private Limited	100%
48	ACME Babadham Solar Power Private Limited	100%
49	Vishwatma Solar Energy Private Limited	100%
50	Dayanidhi Solar Power Private Limited	100%
51	ACME Jaisalmer Solar Power Private Limited.	100%
52	ACME Heergarh Powerteh Private Limited	100%



53	ACME Aklera Power Technology Private Limited	100%
54	ACME Dhaulpur Powertech Pvt Ltd	100%
55	ACME Raisar Solar Energy Pvt Ltd	100%
56	ACME Phalodi Solar Energy Pvt Ltd	100%
57	ACME Jaigarh Solar Energy Pvt Ltd	100%
58	ACME Hanumangarh Solar Energy Pvt Ltd	100%
59	ACME Sandur Solar Energy Pvt Ltd	100%
60	ACME Hukkeri Solar Energy Pvt Ltd	100%
61	ACME Sidlaghatta Solar Energy Pvt Ltd	100%
62	ACME Kudligi Solar Energy Pvt Ltd	100%
63	ACME Kittur Solar Energy Pvt Ltd	100%
64	ACME Chittorgarh Solar Energy Pvt Ltd	100%
65	ACME Guledagudda Solar Energy Pvt Ltd	100%

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For print and digital media

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings



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