



Press Release

Adhunik Energy Solutions Private Limited

Feb 15, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Bank Facilities (Sanctioned)	3.50	IVR BB-/Stable Outlook (IVR Double B Minus with Stable Outlook)	Assigned
2.	Long Term Bank Facility (Proposed)	1.50	IVR BB-/Stable Outlook (IVR Double B Minus with Stable Outlook)	Assigned
3.	Short Term Bank Facility (Sub-limit of Long Term Bank Facility)	(0.50)	IVR A4 (IVR A Four)	Assigned
	Total	5.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Adhunik Energy Solutions Private Limited comfort from its experienced promoter and management team. The rating also factor entity's order book indicating near to medium term revenue visibility and government's thrust on solar energy. However, these rating strengths are partially offset by average financial risk profile, small scale of operations, threat of new entrants in the market and intense competition by existing players.

Key Rating Sensitivities:

Upward Factor:

- ✓ Substantial & sustained improvement in the revenue, EBITDA & profitability margin while improving the debt protection metrics



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Downward factor:

- ✓ Any further decline in revenue and/or EBITDA margin leading to decline in debt protection metrics
- ✓ Change in Government policies affecting revenues adversely.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoter

Adhunik Energy Solutions Pvt. Ltd. (AESPL) is promoted by Mr. Govind Singh, who has more than two decades of experience across different industries. AESPL derives strength from the extensive experience of its promoter, competent management, reflecting the expertise in its execution capabilities in their key businesses.

Medium term revenue visibility

The Company has work orders of Rs.35.50 Crores which includes Rs.30.50 Crores work order for solar contracts and balance is for telecom vertical. This order book of Rs.35.50 Crores is to be executed over the next one year which shows medium term revenue visibility.

Government's thrust on the solar energy

The Government of India has provided a thrust on developing renewable energy generation including solar power. The Ministry of New and Renewable Energy (MNRE) has set an ambitious target to set up renewable energy capacities to the tune of 225 GW by 2022, of which about 114 GW is planned for solar.

Key Rating Weaknesses

Average Financial Risk Profile

Financial risk profile is below average: Networth and overall gearing stood at Rs.1.78 Crores and 1.85 times, respectively as on March 31, 2020. Debt protection metrics is average, with interest coverage of 1.63x and DSCR of 1.42x in FY20. TOL/TNW remained high at 4.71x in FY20. Company reported PAT of Rs.0.13 Crore in FY20 as against Rs.0.01 Crore in FY19.



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Small scale of operations

Company's scale of operations is small, as reflected in the revenue of Rs.10.54 Crores in FY20. Though the company has been in operations since 2006, the scale of operations has remained small. Improvement in scale of operations and profitability will remain a key rating sensitivity factor over the medium term.

New entrants in the market and intense competition by existing players

There are a large number of unorganized players in the industry resulting in intense competition as well as new entrants impose a threat to the existing players.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity - Adequate

The liquidity of the company is expected to remain adequate marked by its expected adequate gross cash accruals as against its debt serving obligations. Gross cash accruals are expected to be in the range of ~Rs.0.40-0.70 Crore as against expected repayments in the range of ~Rs.0.01-0.02 Crore during FY2021 to FY2023. Moreover, the average working capital utilization of last 9 months stood at ~76%.

About the Entity

Adhunik Energy Solutions Private Limited was established in the year 2006, engaged in EPC work in Solar Projects (DC Cabling, Civil work for structure mounting, structure & modules commissioning, weather station, inverter room with duct fitting and watch tower etc). Company is also engaged in civil construction, supervision, operation & maintenance, inspection, project management activities and installation of telecom shelters & other telecom equipment.



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Financials (Standalone):

(Rs. crore)

For the year ended*/As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	6.26	10.52
EBITDA	0.05	0.68
PAT	0.01	0.13
Total Debt	4.55	3.28
Tangible Net worth	1.15	1.78
EBITDA Margin (%)	0.84	6.48
PAT Margin (%)	0.11	1.25
Overall Gearing Ratio (x)	3.96	1.85

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: NA

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Cash Credit (Sanctioned)	Long Term	3.50	IVR BB-/Stable	-	-	-
2.	Cash Credit (Proposed)	Long Term	1.50	IVR BB-/Stable	-	-	-
2.	BG/LC (Sub-limit of CC)	Long Term	0.50	IVR A4	-	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit (Sanctioned)	-	-	-	3.50	IVR BB-/Stable
Long Term Bank Facilities – Cash Credit (Proposed)	-	-	-	1.50	IVR BB-/Stable
Short Term Bank Facilities – BG/LC (Sub-limit of CC)	-	-	-	(0.50)	IVR A4

Annexure 2: Facility-Wise Lenders Details:

<https://www.infomerics.com/admin/prfiles/Adhunik-energy-lenders-15feb21.pdf>