

## Press Release

### G M R Solar Energy Private Limited

November 19, 2021



## Rating Reaffirmed

Product	Net Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
<b>Bank Ratings</b> <b>Loan</b>	7.80	ACUITE BBB   Stable   Reaffirmed	
<b>Total</b>	7.80	-	-

## Rating Rationale

Acuite has reaffirmed the long term rating of **'ACUITE BBB' (read as ACUITE triple B)** to the Rs. 7.80 crore bank facilities of GMR Solar Energy Private Limited (GSEPL). The outlook is 'Stable'

## About the Company

New Delhi-based GMR Solar Energy Private Limited (GSEPL) was incorporated in 2016 and is 100% subsidiary of GMR Enterprise Private Limited (GEPL). The company has set up a 2.0 megawatt rooftop Power Project based on polycrystalline Solar PV technology at Celebi cargo terminal at IGI Airport (Terminal 3), New Delhi. Company has a power purchase agreement (PPA) with Celebi Delhi Cargo Terminal Management Private Limited for the generation of power.

## Analytical Approach

Acuite has considered the standalone financial and business risk profile of GMR Solar Energy Private Limited (GSEPL) to arrive at this rating.

## Key Rating Drivers

### Strengths

#### > Steady Stream of Revenues from PPA agreement

GSEPL has signed a Power Purchase Agreement (PPA) with Celebi Delhi Cargo Terminal Management India Private Limited (CDCTMPL) for the entire capacity at a fixed tariff rate of Rs. 7.50 per unit (kWh) for 17 years ending 2034. CDCTMPL is a joint venture between Delhi International Airport Limited (a GMR group co.) and Celebi Ground Handling Turkey. The company entered into an agreement in July, 2016 and commenced operations in February, 2017. The tariff under this agreement is significantly lower than the regular tariffs paid by CDCTMPL; hence the risk of discontinuation is mitigated. Further, from FY2020, the company has well placed itself in terms of NCA/CPLTD. The debt repayments have been aligned with the net cash accruals of the company.

Acuite believes that the company will continue to benefit over medium to long term owing to its steady cash flows under PPA agreement

#### > Moderate Financial Risk Profile

The financial risk profile of the company stood moderate marked by modest net worth, moderate coverage metrics and improved gearing. The net worth of the company stood at Rs.4.19 crore as on 31 March 2021 (Provisional) as against Rs.3.80 crore as on 31 March 2020.

The gearing (debt-equity) of the company stood improved at 1.24 times as on 31 March 2021 (Provisional) as against 1.63 times as on 31 March 2020. Total debt of the company stood at Rs. 5.22 crore as on 31 March, 2021 (Provisional) which consist of only the long term debt. Coverage metrics stood moderate marked by interest coverage ratio (ICR) of 2.87 times in FY2021 (Provisional) as against 2.52 times in FY2020. Debt Service Coverage ratio stands at 1.16 times in FY2021 as against 1.15 times in FY2020.

#### **> Working capital efficient nature of operations**

Albeit there's a slight dip the Operations of GMR remained working capital efficient marked by Gross Current Assets (GCA) of 80 days in FY2021 (Provisional) as against 76 days in the previous year. This is majorly on the account of debtors' collection period of 34 days in FY2021 (Provisional) as against 67 days in the previous year. The current ratio stood at 0.48 times as on 31 March 2021 (Provisional).

### **Weaknesses**

#### **> Risk of renegotiation**

The revenue of the company is susceptible to any renegotiation by the counterparty in the tariff under the PPA agreement. At present, the tariff is at Rs.7.50/kWh. Renegotiation will impact the ability of the company to timely meet its debt obligations.

#### **> Susceptibility of the cash flow to the reduction in Capacity utilization factor**

Generation of power is dependent on the capacity utilization factor (CUF) of the plant. Any significant shortfall in capacity utilization factor will impact the revenue and cash flows of the company, which in turn will impact its ability to meet debt obligations. Acuité believes that maintaining the CUF at an optimal level will be very critical for the company to maintain its stable credit profile.

#### **Liquidity Position: Adequate**

The liquidity position of the company is adequate marked by net cash accruals to its maturity debt obligations. Company generated net cash accruals of Rs.0.96 crore with Rs.0.75 crore maturity debt obligations for the same period. Going forward it is expected that the net cash accruals will remain in the range of Rs.1.13 crore to Rs.1.25 crore in FY2021-2023 crore as against debt obligations of Rs.0.75 crore for the same period. The company maintained unencumbered cash and bank balance of Rs.0.23 crore as on 31 March, 2021 (Provisional). Current ratio of the company stood at 0.48 times as on 31 March, 2021 (Provisional). Further company has also invested Rs.0.63 crore in mutual funds.

### **Rating Sensitivities**

- Maintaining CUF at optimal level
- Timely Realization of income

#### **Material covenants**

None

#### **Outlook: Stable**

Acuite believes that GSEPL will maintain a 'Stable' outlook over the medium term owing to steady cash flows under the PPA agreement. The outlook may be revised to 'Positive' in case of any significant capacity addition with maintaining or improving the debt protection indicators. Conversely, the outlook may be revised to 'Negative' if the company generates lower than expected revenues translating to deterioration in debt protection metrics.

## Key Financials

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	2.00	1.97
PAT	Rs. Cr.	0.40	0.56
PAT Margin	(%)	19.75	28.32
Total Debt/Tangible Net Worth	Times	1.24	1.63
PBDIT/Interest	Times	2.87	2.52

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector - <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Aug 2020	Term Loan	Long Term	5.85	ACUITE BBB   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	1.95	ACUITE BBB   Stable (Reaffirmed)
06 Jun 2019	Proposed Bank Facility	Long Term	1.03	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	6.77	ACUITE BBB   Negative (Reaffirmed)
03 Apr 2018	Term Loan	Long Term	7.70	ACUITE BBB   Stable (Assigned)
	Proposed Bank Facility	Long Term	0.10	ACUITE BBB   Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size Of Issue</b>	<b>Rating</b>
Union Bank of India	Term Loan	Not available	Not available	Not available	4.72	ACUITE BBB   Stable   Reaffirmed
Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	3.08	ACUITE BBB   Stable   Reaffirmed

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### About Acuité Ratings & Research

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