



**Press Release**  
**Ethos Power Private Limited**  
**December 13, 2024**  
**Rating Assigned and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.00	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	9.00	ACUITE BBB-   Stable   Upgraded	-
Bank Loan Ratings	25.00	-	ACUITE A3   Assigned
Bank Loan Ratings	24.00	-	ACUITE A3   Upgraded
Total Outstanding Quantum (Rs. Cr)	60.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating from 'ACUITÉ BB+' (read as ACUITÉ Double B Plus) to 'ACUITÉ BBB-' (read as ACUITÉ Triple B Minus) on the Rs. 9 Cr. bank facilities of Ethos Power Private Limited (EPPL) and upgraded the short-term rating from 'ACUITÉ A4+' (read as ACUITÉ A four plus) to 'ACUITÉ A3' (read as ACUITÉ A Three) on the Rs. 24 Cr. bank facilities of Ethos Power Private Limited (EPPL). The outlook is 'Stable'.

Acuite has assigned the long-term rating of 'ACUITÉ BBB-' (read as ACUITÉ Triple B Minus) on the Rs. 2 Cr. bank facilities of Ethos Power Private Limited (EPPL) and the short-term rating of 'ACUITÉ A3' (read as ACUITÉ A Three) on the Rs. 25 Cr. bank facilities of Ethos Power Private Limited (EPPL). The outlook is 'Stable'.

**Rationale for Upgrade**

The upgrade reflects the company's better than expected business performance, highlighted by a significant (~37.46%) increase in revenue for FY24. The company has a healthy unexecuted order book of Rs. 205 Cr. as on 30<sup>th</sup> September 2024. Financially, the company's risk profile has improved, marked by a healthier net worth, reduced gearing, and moderate debt protection metrics with an increase in its Interest Coverage Ratio (ICR). The company's liquidity position remains adequate, supported by efficient working capital management and sufficient net cash accruals to meet its debt obligations. Acuite upgraded the rating based on a significant increase in the size of the order book, improvements in the company's margins, and improved working capital cycle (WCC).

**About the Company**

Gurgaon-based, Ethos Power Private Limited (EPPL) was incorporated in 2012 and is promoted by Mr. Maha Singh Mann, Mr. Kushavjeet Mann and Mr. Sandeep Mann. EPPL is a prominent EPC (Engineering, Procurement, and Construction) company for setting up electric substations and engages specializing in the design, development,

and execution of Rooftop and Ground-Mounted Solar PV (Photovoltaic) power projects. The company provides end-to-end services, from initial project design and engineering to procurement and construction, ensuring timely and efficient delivery of solar energy infrastructure and electric sub-stations. The company also deals in solar water pumps installation and their O&M as well.

**Unsupported Rating**

Not Applicable

## Analytical Approach

For arriving at this rating, Acuité has taken a standalone view of the business and financial risk profile of Ethos Power Private Limited.

## Key Rating Drivers

### Strengths

#### Better than expected improvement in scale of operations

EPPL's revenue witnessed a growth in revenue from operations by ~37.46% in FY24 to Rs.92.08 Cr. as against Rs. 66.99 Cr. in FY23 due to timely execution of incremental order book. The company has booked revenue of Rs~22.99 Cr. in H1-FY25 and expects revenue for FY25 to be Rs ~ 103 Cr., since the execution and billing is higher towards year end. Operating Profit margin has largely been in line with previous trends at 10.68 % in FY24 as against 10.85 % in FY23 while the net profit margin of the company increased by 104 bps and stood at 6.56% in FY2024 as against 5.52% in FY2023. This was majorly because of the decrease in the prices of the raw material procurement as the prices of the solar chips decreased in FY24.

#### Benefits derived from experienced management

The promoter of EPPL, Mr. Sandeep Mann has and Mr. Kushavjeet Mann an experience of over a decade in the power industry with respect to electrical and contractual work. The experience of the promoter has enabled the company to maintain strong relations with its customers as well as with its supplier. Acuité believes that the promoters' experience and healthy relations with its customers and suppliers will continue to benefit EPPL over the medium term.

#### Healthy Order Book

The company has an unexecuted order book of Rs. 70.01 Cr. to be executed in FY25 and an additional unexecuted order book of Rs. 135.21 Cr. to be executed by the second quarter of FY26. The order book is a mix of both solar water pumps and substations contracts. As of September 2024, the total order book stands at Rs. 205 Cr., with new orders amounting to Rs. 106.29 Cr. secured for FY25, providing revenue visibility over the medium term.

#### Healthy Financial Risk Profile

The financial risk profile of the company is improved marked by healthy net worth, improved gearing and moderate debt protection metrics. The tangible net worth stood at Rs.30.84 Cr. as on March 31, 2024 as compared to Rs. 24.90 Cr. as on March 31, 2023 due to accretion of reserves. Gearing stood at 0.08 times as on March 31, 2024, compared to 0.18 times as on March 31, 2023. The interest coverage ratio stood at 5.69 times as on March 31, 2024, compared to 3.58 times as on March 31, 2023 because of increased profitability. The debt service coverage ratio stood at 2.53 times as on March 31, 2024, as compared to 2.63 times as on March 31, 2023. The TOL/TNW stood at 0.77 times as on March 31, 2024, as compared to 0.82 times as on March 31, 2023. Acuité believes that the company's financial risk profile will remain healthy over the medium term, backed by steady cash accruals.

## Weaknesses

#### Highly competitive industry

EPPL is into power projects, wherein the sector is marked by the presence of several mid to large sized players. The risk becomes more pronounced as tendering is based on minimum amount of bidding on contracts and susceptibility to inherent cyclicalities in the infrastructure segment. Further, it is dependent on State Government's thrust on power infrastructure works.

#### Working capital operations - Intensive

The working capital cycle of the company has improved while still being intensive as reflected by a reduction in gross current assets (GCA) to 174 days in FY24, compared to 200 days in FY23. Debtor days have improved from 146 days in FY23 to 130 days in FY24. The company also saw a reduction in inventory days, which decreased to 4 days in FY24 from 25 days in FY23, primarily due to a decrease in the rate of procurement. Acuité believes that despite the improved working capital cycle it still is expected to remain intensive over the medium term.

## Rating Sensitivities

Movement in scale of operations along with profitability.

Timely execution of contracts.

Movement in working capital cycle.

## Liquidity Position

Adequate

The company has adequate liquidity, as evidenced by its net cash accruals which comfortably cover its maturing debt obligations, a healthy current ratio, and a stable cash and bank balance. The company generated net cash accruals of Rs. 6.45 Cr. for FY24, against a debt repayment of Rs. 1.45 crore. The current ratio stood at 2.00 times as of 31 March 2024, slightly lower than the previous year's 2.09 times. Additionally, the company's cash and bank balance increased to Rs. 3.58 Cr. in FY24 from Rs. 0.20 Cr. in FY23. The average bank utilization limit for the last 6 months ended November 2024 has been at 45%.

**Outlook : Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	92.08	66.99
PAT	Rs. Cr.	6.04	3.70
PAT Margin	(%)	6.56	5.52
Total Debt/Tangible Net Worth	Times	0.08	0.18
PBDIT/Interest	Times	5.69	3.58

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Oct 2023	Letter of Credit	Short Term	6.00	ACUITE A4+ (Downgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	18.00	ACUITE A4+ (Downgraded from ACUITE A3)
	Secured Overdraft	Long Term	9.00	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
03 Aug 2023	Letter of Credit	Short Term	6.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	18.00	ACUITE A3 (Reaffirmed)
	Secured Overdraft	Long Term	9.00	ACUITE BBB-   Stable (Reaffirmed)
20 May 2022	Letter of Credit	Short Term	6.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Bank Guarantee (BLR)	Short Term	18.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Cash Credit	Long Term	9.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB+   Stable)
02 Mar 2021	Bank Guarantee (BLR)	Short Term	23.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	9.00	ACUITE BB+   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE A3   Upgraded ( from ACUITE A4+ )
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE A3   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A3   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	17 Oct 2023	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB-   Stable   Assigned
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE A3   Upgraded ( from ACUITE A4+ )
Punjab National Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE BBB-   Stable   Upgraded ( from ACUITE BB+ )

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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