



Press Release
Emmvee Photovoltaic Power Private Limited
April 16, 2024

Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BBB+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	45.00	Not Applicable Withdrawn	-
Bank Loan Ratings	30.00	-	ACUITE A2 Reaffirmed & Withdrawn
Bank Loan Ratings	5.00	-	Not Applicable Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	100.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BBB+**' (read as **ACUITE Triple B Plus**) and the short term rating of '**ACUITE A2**' (read as **ACUITE A Two**) on the Rs. 50.00 Cr. bank facilities of Emmvee Photovoltaic Power Private Limited (EPPPL). The rating is being withdrawn on account of the request received from the company and the NOC received from the banker's as per Acuite's policy on withdrawal of ratings.

Acuite has also withdrawn its long-term rating on Rs. 45.00 Cr. bank facilities of Emmvee Photovoltaic Power Private Limited (EPPPL) without assigning any rating because withdrawal request and NDC has been submitted by the client. Further, Acuite has also withdrawn its short-term rating on Rs. 5.00 Cr. proposed bank facilities of Emmvee Photovoltaic Power Private Limited (EPPPL) without assigning any rating. The withdrawal is in accordance with Acuite's policy on withdrawal of ratings. The rating is being withdrawn on account of request received from the company, NOC (No Objection Certificate) and NDC (No Dues Certificate) received from the banker.

Rational for Rating Reaffirmation

The rating reaffirmation takes into account EPPPL's moderate financial risk profile along with experienced management and established track record of operations. The rating considers the improvement in revenue of FY2023, which stood at Rs.705.38 Cr against Rs.508.45 Cr in FY2022. In 10MFY2024, company has reported revenue of Rs.863.98 Cr. The rating is however constrained due to company's presence in the highly competitive industry and marginal deterioration in profitability.

About the Company

Emmvee group was founded in year 1992 with solar water heater business by Mr. Manjunatha D.V. With solar water heater business becoming quite prominent, in 2007, Company launched solar PV modules business with a small capacity and then increased by 500 MW in 2017, thus, EPPPL was incorporated in 2007. EPPPL has recently commissioned the 750 MW of Module line with higher efficiently module. EPPPL is currently operating the module production capacity by

1250 MW. Emmvee Group is engaged into the business of manufacturing of solar modules, solar water heater, execution of solar pump projects, EPC works, rooftop solution, operation &

maintenance, etc. and having more than 30 years of experience in the solar industry.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of EPPPL to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

The company was incorporated in 2007 and commenced manufacturing PV Modules with installed capacity of 125 MW. Over the past 15+ years, the company has increased its installed capacity to 1.25 GW as on February 28, 2023 owing to its established track record of operations. The management of the company has more than fifteen years of experience in the field of manufacturing of PV Modules, and, the promoter, Mr. Manjunatha has an experience of more than three decades in the Solar Power industry.

Acuité believes that the established operations of the company coupled with the experience of the management will benefit the company in the medium term.

Moderate financial risk profile

EPPPL has moderate financial risk profile marked by moderate net worth, gearing and debt protection metrics. EPPPL's net worth stood at Rs. 206.76 crore as on March 31, 2023 against Rs. 184.08 crore as on 31st March 2022. The company's gearing stood at 1.15 times as on March 31, 2023 as against 1.46 times as on March 31, 2022. The company's total debt as on March 31, 2023 stood at Rs. 236.85 crore as compared to Rs. 269.47 crore as on March 31, 2022; comprising of long-term debt of Rs. 139.99 crore and short-term debt of Rs. 61.06 crore and CPLTD of 35.80 crore. TOL/TNW stood at 1.96 times as on March 31, 2023. Interest coverage ratio of the company stood at 3.47 times in FY23 against 2.32 times in FY2022. DSCR stood at 1.48 times in FY2023 against 0.93 times in FY2022.

Weaknesses

Highly competitive industry & fluctuation in raw material prices impacting profitability

The Company is operating in highly competitive industry. It is exposed to intense competition from several players operating in the industry. EPPPL's profitability margins are susceptible to fluctuations in the prices of major raw material. The operating profit margin declined to 9.86% in FY23 compared against 12.51% in FY22 owing to such price fluctuations.

Acuité believes that the company's profitability margins will remain a key rating sensitivity as the same is susceptible of volatility in input costs

Rating Sensitivities

- Growth in revenues along with improvement in profitability margins
- Reduction in order flow

Liquidity Position

Adequate

Liquidity is adequately backed by EPPPL's net cash accruals, which stood at Rs. 58.26 Cr as on March 31, 2023, against maturing debt obligation of 31.13 Cr. The cash and bank balances of the firm stood at Rs. 1.03 Cr as on March 31, 2023. The current ratio stood at 0.94 times as on March 31, 2023. The working capital operations of the company are moderately marked by its gross current asset (GCA) days of 111 days for FY2023 as against 151 days for FY2022 on account of lower receivables cycle during the same period.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	705.38	508.45
PAT	Rs. Cr.	22.65	8.54
PAT Margin	(%)	3.21	1.68
Total Debt/Tangible Net Worth	Times	1.15	1.46
PBDIT/Interest	Times	3.47	2.32

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>
- Manufacturing Entities: <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

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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Apr 2023	Letter of Credit	Short Term	30.00	ACUITE A2 (Assigned)
	Proposed Short Term Bank Facility	Short Term	5.00	ACUITE A2 (Assigned)
	Term Loan	Long Term	45.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE BBB+ Reaffirmed & Withdrawn
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE A2 Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	Not Applicable Withdrawn
State Bank of India	Not avl. / Not appl.	Term Loan	30 Jun 2022	Not avl. / Not appl.	31 Dec 2030	Simple	45.00	Not Applicable Withdrawn

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in
Dheeraj Salian Associate-Rating Operations Tel: 022-49294065 dheeraj.salian@acuite.in	

About Acuité Ratings & Research

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