



Press Release
INSOLARE ENERGY PRIVATE LIMITED
July 02, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	74.50	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	80.50	-	ACUITE A3 Assigned
Total Outstanding Quantum (Rs. Cr)	155.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 155 Cr. bank facilities of Insolare Energy Private Limited (IEPL). The outlook is '**Stable**'.

Rationale for rating

The rating assigned reflects the extensive experience of the management in the industry for nearly two decades. The rating also factors in the growing operating performance of the company in recent years as marked by the growing scale of EPC business of the company. The rating also factors in the healthy financial risk profile of the company with gearing of 0.55 times as on 31st March 2024 (Prov.). Further, the rating factors in the positive industry outlook for the company due to growing demand and timely support from the government. However, these strengths are partially offset by the intensive working capital operations of the company as marked by higher GCA days of 357 days as on 31st March 2024 (Prov.).

About the Company

Insolare Energy Private Limited (IEPL) is a technology focused Photovoltaic Solar EPC company engaged in providing turnkey services for solar projects since last 15 years. The company was incorporated in June 2008 at Ahmedabad, Gujarat. IEPL provides all services, related to renewable energy power plants (including solar, wind and green hydrogen) under single roof. The company provides services like EPC contracting, Turnkey projects and support including designing, engineering, construction of power plants. O&M, etc.

The current directors of the company are Mr. Sunit Tyagi, Mr. Hemanshu Bhatt, Mr. Navashil Sharma, Mr. Gopal Samanta, Mr. Dipak Patel and Mr. KaiKhushru Taraporevala.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Insolare Energy Private Limited (IEPL) to arrive at the rating

Key Rating Drivers

Strengths

Highly qualified and extensive experience of the management in the industry.

The current board of directors includes Mr. Sunit Tyagi, Mr. Hemanshu Bhatt, Mr. Navashil Sharma, Mr. Gopal Samanta, Mr. Dipak Patel, and Mr. KaiKhushru Taraporevala. These

directors along with the management team possess extensive qualifications and bring valuable industry expertise to the company. The key management personnel have previous experience of working at major industry players, before they set up IEPL in 2008. . This experience of the management is also seen by the growing revenue of the company. The company derives its revenue from two primary sources, the sale of EPC services and the sale of pass-through items of raw material to clients according to their requirement. Sale of pass items have negligible margins for the company and therefore the focus of the company is providing EPC services. The revenue of the company from sale of EPC services were marked at Rs.106 crore in FY24 (Prov.) as against Rs.87 crore in FY23. The company has till date successfully completed projects more than 400 MW and further it has projects of more than 200 MW under execution. The current order book of the company stands at Rs.423 crore including pass through items.

Acuite believes that IEPL will continue to benefit from its qualified management and established track record of operations.

Healthy Financial risk profile

The financial risk profile of the company remains healthy marked by healthy net worth, low gearing, and moderate debt protection metrics. The net worth of the company stood healthy at Rs. 95.51 Cr. as on 31st March 2024 (Prov.) as against Rs. 20.81 Cr. as on 31st March 2022. The significant surge in net worth, primarily stems from the equity capital raising initiative undertaken by the company during FY2024 and due to accretion of profits to the reserves. During FY24, the company secured a net investment of Rs.67.15 crore from diverse investors and private equity funds, significantly enhancing its net worth. However, the company's total debt surged to Rs.52.05 crore as of 31st March 2024 from Rs.19.38 crore as of 31st March 2023. As a result of this, the gearing of the company stood at 0.55 times as of 31st March 2024 (Prov.) as against 0.93 times as of 31st March 2023. The TOL/TNW also decreased to 0.94 times as of 31st March 2024 (Prov.) as against 2.34 times as of 31st March 2023. The debt protection metrics stood moderate with DSCR and Interest coverage ratio standing at 1.81 times and 3.61 times respectively as on 31st March 2024 (Prov.) as against 2.36 times and 5.32 times as on 31st March 2023.

Acuite believes that the financial risk profile of the company may continue to remain healthy with steady cash accruals to service debt and any fund capex if done.

Positive industry outlook

The renewable energy market is growing due to tightening sustainable development targets across global economies, emphasizing the need for renewable energy solutions. Along with this, supportive government policies, norms, and mandates are designed to help meet ambitious global decarbonization goals.

Weaknesses

Intensive working capital operations of the company

The working capital operations of the company remained intensive marked by GCA days of 357 days in FY 2024 (Prov.) as against 84 days in FY 2023. This GCA days comprises of inventory, debtors and other current assets consisting of retention money and land rights for the company as of 31st March 2024 (Prov.). The debtor days stood at 88 days in FY 2024 (Prov.) as against 33 days in FY 2023 and the inventory days for the company stood at 76 days in FY 2024 (Prov.) as against 10 days in FY 2023. The company's extended inventory days and debtor days as on 31st March 2024 were influenced by a substantial purchase and sales order executed during the month of March 2024. The inventory for the company consists of Inverters, AC / DC Cables, etc. However, the creditors days increased to 94 days in FY 2024 (Prov.) as against 35 days in FY 2023. Further, to support the working capital operations, the company has been taking unsecured business loans which are short term in nature.

Acuite believes that working capital operations of the company is likely to remain intensive considering the nature of operations for the company.

Rating Sensitivities

- Time execution of contracts and significant increase in order book

- Significant Improvement its working capital operations

Liquidity Position

Adequate

The liquidity of the company was marked adequate on back of the recent fund-raising activity done by the company. Along with this, the company generates sufficient net cash accruals to service the outstanding debt. The Company generated a cash accrual of Rs. 7.78 crore in FY24 (Prov.) against the maturing repayment obligations of Rs. 2.55 crore during the same tenure. Further the company is expected to generate a cash accrual of Rs.21 crore in FY25 against the repayment obligations of Rs. 5.47 crore. Along with this, the company has an investment of Rs.15 crore in the form of FD as of 31st March 2024. The cash and bank balance of the company stood at Rs.18.67 crore as of 31st March 2024. The current ratio of the company stood at 2.52 times as of 31st March 2024 (Prov.) as against 1.53 times as of 31st March 2023.

Acuite believes the liquidity position of the company may continue to remain adequate with steady cash accruals against maturing debt obligations.

Outlook: Stable

Acuite believes the outlook on IEPL will continue to remain 'Stable' over the medium term backed by its experienced management and healthy financial risk profile of the company. The outlook may be revised to 'Positive' if the group is able to acquire more EPC contracts which will lead to significant improvement in scale of operations and the profitability margins while also improving its working capital operations. Conversely, the outlook may be revised to 'Negative' in case of any operating inefficiency by IEPL leading to deterioration in revenue and profitability along with financial risk profile and liquidity position of the company.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	132.34	250.46
PAT	Rs. Cr.	7.07	6.23
PAT Margin	(%)	5.34	2.49
Total Debt/Tangible Net Worth	Times	0.55	0.93
PBDIT/Interest	Times	3.61	5.32

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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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 :

Nor Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	21.50	ACUITE A3 Assigned
Bank of Maharashtra	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A3 Assigned
Bank of Maharashtra	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB- Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	44.00	ACUITE A3 Assigned
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	25.00	ACUITE BBB- Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	29 Nov 2022	Not avl. / Not appl.	01 Feb 2027	Simple	1.00	ACUITE BBB- Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	29 Nov 2022	Not avl. / Not appl.	30 Nov 2027	Simple	4.45	ACUITE BBB- Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	29 Nov 2022	Not avl. / Not appl.	30 Nov 2027	Simple	1.15	ACUITE BBB- Stable Assigned
TJSB Sahakari Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Aug 2033	Simple	2.90	ACUITE BBB- Stable Assigned
Vivrit Capital Private Ltd.	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE BBB- Stable Assigned
Vivrit Capital Private Ltd.	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Apr 2026	Simple	5.00	ACUITE BBB- Stable Assigned

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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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