

Cleantech Solar Energy (India) Private Limited

March 11, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE BBB; Stable and Withdrawn
Total Bank Facilities	0.00 (Rs. Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has reaffirmed and withdrawn the outstanding ratings of 'CARE BBB; Stable' [Triple B; Outlook: Stable] assigned to the bank facilities of Cleantech Solar Energy (India) Private Limited with immediate effect. The above action has been taken at the request of Cleantech Solar Energy (India) Private Limited and 'No Objection Certificate' received from the lender that has extended the facilities rated by CARE.

The rating continues to derive strength from strong managerial and financial support derived from being part of the Cleantech group, diversified clientele with moderate counter-party risk, moderate profitability margins and revenue visibility in the form of long-term PPAs (Power Purchase Agreements) signed for the operational & under execution projects and satisfactory pipeline of solar power projects providing incremental revenue visibility. The rating also derives strength from the equity infusion by Shell Eastern Petroleum Pte Limited and Climate Fund Managers in the Cleantech group (parent holding company). The rating, however, is tempered by significant and continuous debt funded capex plans, susceptibility of power generation to variation in climatic conditions and technological risks.

Detailed description of the key rating drivers

Key Rating Strengths

Strong managerial and financial support

The group has shown a demonstrated track record of ramp-up in the projects owing to managerial and financial support from its promoter group. The group is led by Mr. Raju Shukla who has vast experience and has earlier been part of top managerial position of various companies. Furthermore, the group has received investments from Shell Eastern Petroleum Pte Limited and Climate Fund Managers in recent past. Additionally, the company has received regular infusion of funds over the last four year to support the growth of the Indian operations.

Diversified clientele and moderate counter-party risk coupled with geographical diversification

The company has varied clientele base operating in diverse set of industries with PPAs signed for long-term tenure providing revenue visibility due to assured take-off of the entire power generated at pre-determined rates. Furthermore, the company has installed solar power projects across India with presence in multiple states and in Union Territories. With operations spread across the country, the company is relatively insulated in terms of any adverse regulatory or climatic changes in any particular state.

Satisfactory pipeline of solar power projects

Currently, the company has various projects under execution and also under active discussion to be executed in near future thus providing healthy incremental revenue visibility. As on January 31, 2021, the company has 35.52 MW of projects under development (active discussion) and 78.62 MW under construction to be completed in CY22 giving healthy revenue visibility. Furthermore, the company executes design and engineering of all its systems in-house which includes personnel with prior experience of building photovoltaic systems across Europe, Middle East and Asia. The company uses systems developed by leading technology companies to track generation data on a real-time basis.

Key Rating Weaknesses

Continuous capital requirement to meet forecasted project funding and susceptibility to volatility in raw material prices

There will be significant requirement of funds for setting up the solar power projects over the next three to four years. Although, the group has received significant investments in recent past, the envisaged support to the Indian operations going forward remains to be seen. Furthermore, the company imports the solar modules leading to exposure to foreign exchange fluctuation and volatility in price of the modules.

Exposure to climatic conditions and technological risk

Achievement of envisaged solar power generation would be subject to change in climatic conditions, amount of degradation of modules as well as technological risks

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Liquidity: Adequate

The current ratio stood at 0.26 times at the end of CY20, with expected gross cash to be generated at Rs. 24.72 crores against principal repayment of Rs. 18.38 crores in CY21. However, comfort is also derived from the support of the parent, that is, in case of insufficient funds, the backing of the parent and funds from the other subsidiaries (Cleantech India Open Access Pte Limited) will be made available. Further, the liquidity profile of the company is also supported by DSRA in the form of Fixed deposit of Rs. 20.73 crore.

Analytical approach: Standalone

CARE has adopted a standalone approach. Parent notching factors are also considered as the parent (CSA) holds 100% shareholding in CSEPL. Strategic importance of CSEPL for being the only roof top power producer entity in the overall portfolio of CSA and also there are substantial operational and financial linkages with the parent.

Applicable Criteria

[Criteria on assigning Outlook to credit rating](#)

[CARE's Policy on Default recognition](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

[Rating Methodology: Infrastructure Sector Ratings](#)

[Financial Ratios: Non-Financial Sector](#)

[Sector Specific Methodologies: Private Power Producers](#)

[Rating Methodology: Solar Power Projects](#)

[Policy on Withdrawal of ratings](#)

About the Company

Incorporated on January 19, 2015, Cleantech Solar Energy India Private Limited is engaged in development, construction and operation of solar roof-top systems in India for companies in commercial and industrial segments. CSEPL is a step-down subsidiary of Cleantech Solar Asia Pte Limited (CSA) which is a step-down subsidiary of Cleantech Renewable Asset Private Limited held by the parent Cleantech Energy Corporation (CEC). Cleantech group has a portfolio of around 534 solar projects across Southeast Asia with a total project capacity of around 464 MW as on date.

Brief Financials (Rs. crore)	31-12-2020 (A)	31-12-2021 (Prov.)	2MCY22 (UA)
Total operating income	47.87	55.68	NA
PBILDT	38.35	42.22	NA
PAT	-3.98	-9.42	NA
Overall gearing (times)	2.22	2.29	NA
Interest coverage (times)	1.65	1.40	NA

A: Audited, Prov.: Provisional, UA: Unaudited, NA: Not Available

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	March 2034	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	March 2034	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE BBB; Stable (06-Apr-21)	1)CARE BBB; Stable (07-Apr-20)	1)CARE BBB; Positive (05-Apr-19)	1)CARE BBB-; Stable (24-Aug-18) 2)CARE BBB-; Stable (13-Apr-18)
2	Fund-based - LT-Term Loan	LT	-	-	1)CARE BBB; Stable (06-Apr-21)	1)CARE BBB; Stable (07-Apr-20)	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities - NA**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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