



## Acme Cleantech Solutions Limited

	Amount in Rs. Crore	Rating Action
		<b>Dec 2013</b>
Fund Based Limits (earlier Rs. 173.60 crore including unallocated limits)	50.00	Reaffirmed at [ICRA]BBB-/Outlook revised to stable
Non Fund Based Limits (earlier Rs. 81.40 crore)	60.00	Reaffirmed at [ICRA]A3

ICRA has reaffirmed the long-term rating of [ICRA]BBB- (pronounced ICRA triple B minus) for Rs. 50.00 crore fund based bank limits (earlier Rs. 173.60 crore including unallocated limits) of Acme Cleantech Solutions Limited (ACSL)<sup>†</sup>. The outlook on the long term rating has been revised to Stable from Negative. ICRA has also reaffirmed [ICRA]A3 (pronounced as ICRA A three) rating for 60.00 crore (earlier Rs. 81.40 crore) non fund based limits of ACSL.

The revision in the rating outlook takes into consideration the expected improvement in the revenue profile of the company. The company's income in the Solar Engineering, Procurement and Construction (EPC) segment is expected to witness steady improvement with 25 MW project in Madhya Pradesh expected to be completed shortly, launch of 25 MW project in Odisha and plans to launch more such projects in the near term. The company is also getting orders in defense segment which is expected to aid the revenue growth of the company. Further, France based EDF<sup>†</sup> and EREN<sup>‡</sup> have got the Foreign Investment promotion Board's (FIPB) approval for investment of Rs. 275 crore as equity for 50% stake in Acme Solar Energy Private Limited (ASEPL) (subsidiary of ACSL) for setting solar power projects. This apart from providing funding support for group's solar power projects would ensure steady source of revenue for ACSL from the EPC work. Moreover the ratings continue to derive strengths arising from ACSL's experienced promoters with established track record of operations in providing power solutions for telecom tower industry and ACSL's innovative product profile. This coupled with its bouquet of service offerings have provided competitive advantage to the company and have resulted in a reputed and well-diversified client base. The ratings also draw comfort from ACSL's healthy capital structure and comfortable coverage indicators.

However the ratings are constrained by company's continued subdued performance in its telecom vertical (products and services). In addition the rating takes into consideration the high variability of ACSL's revenues and profitability in the Solar EPC segment which has witnessed improvement in current year post decline in FY13. The decline in operating income of the company, along with moderate profitability has impacted the internal accrual generation and return indicators of the company (Return on capital employed declined from 5.1% in FY12 to 3.4% in FY13). The ratings further take into consideration ACSL's high working capital intensity because of high debtors days and high inventory days. While ICRA has also noted ACSL's revenue diversification and cost optimization efforts, it notes that ACSL's performance in the new verticals is in nascent stage of operations and its ability to maintain a steady stream of revenues from the same is yet to be demonstrated.

### Company Profile

Acme Cleantech Solutions Limited (ACSL), promoted by Mr. Manoj Upadhyay, started its operations by providing energy saving products to telecom operators. The company was incorporated as Acme Tele Power Private Limited in January 2003. It was converted into a public limited company with effect from August 29, 2005. ACSL is the flagship company of the group and is held by the promoters through a holding company MKU Holding Private Limited.

\* 1 crore = 100 lakh = 10 million

† For complete rating scale and definitions, please refer to ICRA's Website, [www.icra.in](http://www.icra.in), or any of the ICRA Rating Publications.

† EDF EN is the renewable energy arm of French state-run electricity utility Électricité de France S.A. and has more than 600 MW solar power capacity

‡ France based green energy focused company with presence in solar and wind energy in France, Greece, Italy and Israel



ACSL is primarily a technology solution provider to wireless telecom industry with focus on lowering of energy consumption. The company's solutions include consultancy, design, manufacture and maintenance of integrated passive infrastructure, especially for the telecom sector. Apart from telecom sector, company is also involved in doing EPC work for solar power plants – presently the company is doing EPC for 25 MW solar power plant each in Madhya Pradesh and Odisha. The group has also entered the solar power generation business and has setup a 2.5-megawatt (MW) solar thermal power plant in Bikaner (Rajasthan) (remaining 7.5 MW is on hold) and a 15 MW solar photovoltaic power plant at Gujarat. Further the group is setting up two more projects of 25 MW each in Madhya Pradesh and Odisha, EPC work of which is being done by ACSL.

ACSL acquired Norway's Reime Network Implementation Services AS (Reime) in November 2007. Reime is engaged in developing and maintaining wireless and wire line telecom infrastructure with a primary focus on Africa. The group has also setup a joint venture in Bangladesh to offer passive infrastructure related services.

#### **Recent Results**

For FY2013 ACSL reported operating income of Rs. 337.4 crore and net profit of Rs. 24.7 crore as against operating income of Rs. 552 crore and net profit of Rs. 31 crore in FY12.

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