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Grading of Renewable Energy Service Providing Companies (RESCOs) and System Integrators (SIs)

MNRE approved Credit Rating Agency for Grading of RESCOs and SIs
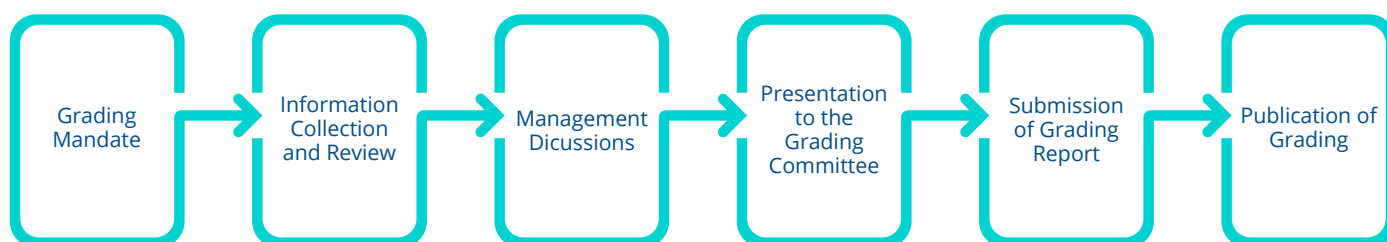
The Jawaharlal Nehru National Solar Mission (JNNSM) launched by the Ministry of New and Renewable Energy (MNRE) on climate change aims to promote ecologically sustainable growth, while addressing India's energy security challenge.

MNRE has envisaged and alternative route wherein channel partners can directly submit their project proposal to MNRE rather than submitting proposals through State Nodal Agencies. JNNSM shall provide capital and interest rate subsidies to such channel partners with an objective to make the solar off-grid projects commercially viable and workable on a sustainable basis. In order to ensure that the channel partners that are selected under this Mission are deserving of the support provided by MNRE, the channel partner needs to get itself accredited by a rating agency recognised by MNRE for this purpose.

B2K analytics is recognised by MNRE to assign grades to such channel partners - Renewable Energy Service Providing Companies (RESCOs) and System Integrators (SIs).

Grading Process

The process for assigning a grade to the channel partner (RESCO or SI) is shown by the flow chart below:

Grading Mandate → Information Collection and Review → Management Dicussions → Presentation to the Grading Committee → Submission of Grading Report → Publication of Grading

GRADING MANDATE
The Mandate to undertake the grading of the channel partner is signed between B2K analytics and the company.

INFORMATION COLLECTION AND REVIEW
B2K analytics will provide the company with the information requirement for grading.

SUBMISSION OF GRADING REPORT
Post the recommendation of the committee, the analyst team submits the grading report to the company for review.

MANAGEMENT DISCUSSIONS
Post review of the information provided, the analyst team will hold discussions with the management.

PRESENTATION TO THE GRADING COMMITTEE
Based on the information provided and the discussions held, the analyst team presents the case to the Grading Committee at B2K analytics.

PUBLICATION OF THE GRADING
Post the grading exercise, the grading assigned is then published via a press release as well as in the website of B2K analytics.

Parameters considered for grading of RESCOs

RESCOs are companies that install, own & operate and provide energy services to customers.

- **TECHNICAL CAPABILITY**
  - Promoter Track Record
  - Project Management Capability
  - Customer concentration, quality and ability to manage receivables
  - Customer and O&M Network

- **FINANCIAL STRENGTH**
  - Networth
  - Bankers' feedback
  - Financial Flexibility
  - Project Related Assessment

Parameters considered for grading of SIs

SIs are companies that provide renewable energy systems and services such as design, supply, installation etc.

- **TECHNICAL CAPABILITY**
  - Promoter Track Record
  - Technical Expertise and Adequacy of Manpower
  - Quality of Supplier and Tie-Ups
  - Customer and O&M Network

- **FINANCIAL STRENGTH**
  - Sales
  - Return on Capital Employed
  - Total Outside Liabilities/Tangible Networth
  - Interest Coverage, Networth
  - Feedback of bankers on conduct of account
  - Current Ratio

Grading Scale

The grading is done based on two main parameters - Technical Capability and Financial Strength.

Technical Strength	Financial Strength				
	Highest	High	Moderate	Weak	Poor
Highest	SP 1A	SP 1B	SP 1C	SP 1D	SP 1E
High	SP 2A	SP 2B	SP 2C	SP 2D	SP 2E
Moderate	SP 3A	SP 3B	SP 3C	SP 3D	SP 3E
Weak	SP 4A	SP 4B	SP 4C	SP 4D	SP 4E
Poor	SP 5A	SP 5B	SP 5C	SP 5D	SP 5E

The channel partners are graded and classified into five categories. 1 to 5 depicts the technical strength with 1 being the highest. A to E depicts the financial strength with A being the highest. The combined grade assigned reflects the overall capability and capacity of the channel partner.

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BYTES TO KNOWLEDGE

About B2K analytics

B2K analytics Private Limited is a boutique risk advisory and management consulting firm offering services in risk advisory, research, analytics, transaction advisory, and skill development.

B2K analytics is built on the foundation of trust and confidence that investors, issuers, Governments, multilateral agencies, and regulators have placed on B2K Ratings. We offer our clients a multidimensional approach to addressing their problems. We adopt a customized, responsive and personal approach to client service and offer a comprehensive range of services across various industries. Our product and solutions will benefit corporate houses, banks and Financial institutions, AMCs, infrastructure companies, multilateral agencies and government.

B2K analytics is a 100% subsidiary of B2K Ratings.

B2K analytics provides grading services for businesses and projects to with an unbiased and independent approach to determine its strengths of its model. B2K analytics' grading services include:

- Real Estate Project
- Hospitals
- Tourism
- IREDA Service Providers
- Educational Institutions

- B2K Placement Reporting Services (BPRS)
- Non-Government Organisation (NGO)
- Micro-Finance Institutions (MFI)
- Ministry of New and Renewable Energy (MNRE) Service Providers

More information on B2K analytics and its services is available at **www.b2kanalytics.com**

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