AMPL Cleantech Private Limited

February 14, 2023

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	333.78	CARE A-; Stable	Assigned

Details of facilities in Annexure-1.

Rationale & key rating drivers

The rating assigned to the proposed term loan considers AMPL Cleantech Private Limited (ACPL) to be a part of a restricted group (RG), comprising eight special purpose vehicles (SPVs) viz. AMPL Cleantech Private Limited (ACPL), Celestial Solar Solutions Private Limited (CSSPL), Narbheram Solar TN Private Limited (NSTNPL), NVR Energy Private Limited (NEPL), NVR Infrastructure and Services Private Limited (NISPL), NVR Mahasolar Private Limited (NMPL), NVR Renew Private Limited (NRPL) and RDA Energy Private Limited (REPL) herein referred to as Blupine RG. The rating favorably factors in the low sales risk due to the presence of long-term power purchase agreements (PPAs) for the entire capacity at a fixed tariff which is also fairly competitive. Reasonable operational track record of Blupine RG (i.e atleast three years for each asset) notwithstanding the blended generation for FY21 (refers to the period from April 01 and March 31) and FY22 which stood below P-90 level is an additional credit positive.

The rating also derives comfort from the diversification provided by off-takers and multiple locations of the overall capacity. The rating also derives strength from the ownership of Actis Energy Fund – 5 (AE-5) in Blupine Energy Private Limited (BEPL, the ultimate shareholder of Blupine RG). Given Actis' successful past track record of managing various funds in India (with considerable investments in renewable energy), the Blupine RG is expected to have strong managerial, financial and operational linkages with the parent.

The aforementioned rating strengths are, however, tempered by stretched receivable cycle in NEPL, NSTNPL and ACPL which has shown improvement during the current year. The rating takes cognizance of the anticipated increase in leverage of the Blupine RG on account of the proposed debt thereby moderating projected debt service coverage ratio (DSCR). Furthermore, the rating is constrained by climatic and interest rate risk given the single part fixed tariff of the underlying capacity.

Rating sensitivities for the proposed loan- Factors likely to lead to rating actions

Positive Factors

- Higher-than-envisaged generation on a sustained basis along with better-than-base case coverage and leverage metrics.
- Improvement in credit profile of BEPL
- Improvement in credit risk profile of off-takers (excluding central counterparties)

Negative Factors

- Lower-than-envisaged generation or increase in borrowing cost significantly impacting the coverage indicators.
- Significant deterioration in the credit profile of the promoter or dilution in its support philosophy towards its SPVs.
- Deterioration in credit risk profile of the off-takers leading to elongation in receivable period beyond 210 days, adversely impacting the liquidity of the RG

Analytical approach:

Combined - All the eight SPVs referred to as Blupine RG (i.e AMPL Cleantech Private Limited, Celestial Solar Solutions Private Limited, Narbheram Solar TN Private Limited, NVR Energy Private Limited, NVR Infrastructure and Services Private Limited, NVR Mahasolar Private Limited, NVR Renew Private Limited and RDA Energy Private Limited) are subsidiaries of BEPL and are engaged in similar lines of business. Moreover, these SPVs are also expected to have fungibility of the surplus cash post servicing of their respective debt. Hence the financial and business risk profiles of these entities have been combined. Furthermore, the linkage of Blupine RG with the parent entity i.e BEPL has also been considered.

Key strengths for the proposed loan

Long-term revenue visibility through PPA for the entire capacity: The SPVs have entered into PPAs for off take of 355.56 MW_{AC} for a period of 25 years at fixed tariff thus provides the long-term revenue visibility for the Blupine RG. The capacity weighted average tariff is fairly competitive.

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

Existence of geographical and off-taker diversification: The RG structure benefits on account of diversification as the contracted capacity is spread in six states viz. Tamil Nadu (56%), Maharashtra (14%), Madhya Pradesh (11%), Karnataka (8%), Rajasthan (6%) and Telangana (4%). The off-taker profile is also diversified comprising seven counterparties i.e., 56% of the contracted capacity is with Tamil Nadu Generation and Distribution Corporation (TANGEDCO), M.P. Power Management Company Limited (MPPMCL, 11%) Solar Energy Corporation of India (SECI, 17%), NTPC Vidyut Vyapar Nigam Limited (NVVN, 3%) Telangana State Southern Power Distribution Company Limited (TSSPDCL, 4%), Bangalore Electricity Supply Company Limited (BESCOM, 6%), and Mangalore Electricity Supply Company Limited (MESCOM, 3%). During FY22, 25.2% of the PBILDT was contributed by projects having a strong counterparty (ie. SECI or NVVN).

Reasonable operational track record: All the SPVs have an operational track record of at least 3 years. 44% of the contracted capacity has an operational track record of more than 5 years.

Contractual comforts for the proposed loan: The SPVs are required to make debt service reserve account (DSRA) equivalent to two quarters of debt and interest obligation. CARE also factors in the presence of a structured waterfall mechanism as per the proposed loan structure. Further, the fungibility of the surplus cashflows among the SPVs provides comfort.

Firm investment commitment of the Actis platform along with managerial experience underpins support: BEPL, which directly/ indirectly holds the entire stake in these 8 SPVs, is a renewable energy platform promoted by Actis PE (Actis) for setting up of wind, solar, hybrid and battery storage power projects in India. BEPL has strong financial backing in the form of US$ 800 million capital commitment from AE-5. Actis has a successful track record of developing and operating sizable renewable portfolios in the past.
Given BEPL's aggressive growth plans in India, Blupine RG's status as its foundation portfolio and Blupine RG's ability to generate consistent cash flow, the 8 SPVs are expected to benefit from the operational and financial linkages with its parent.

Industry risk
India has an installed renewable capacity of around110 GW (excluding large hydro) as on March 31, 2022, comprising solar power of 54 GW, wind power of 40 GW, small hydro of 5 GW and other sources including biomass of 11 GW. There has been a significant traction in solar power installations over the last few years and the cumulative solar power capacity has surpassed the installed wind power capacity, despite its late and slow start. The overall renewable energy installations have increased at a CAGR of 17% from FY16-FY22. Over the years the renewable energy industry has benefitted on account of Government's strong policy support, India's large untapped potential, presence of creditworthy central nodal agencies as intermediary procurers and improvement in tariff competitiveness. Going forward, with India setting up an ambitious target of achieving 450-GW renewable capacity by 2030, the regulatory framework is expected to remain supportive. However, developers are expected to face challenges in the near term on account of rising cost of modules, turbines and other ancillary products along with imposition of basic custom duty on cells and modules from April 2022 onwards which is expected to drive up costs and result in increase in bid tariffs for new projects. This apart, challenges for acquisition of land and availability of transmission infrastructure also remains a key bottleneck. However, the Indian renewable industry continues to be a preferred investment alternative for both domestic as well as foreign investors and is expected to post robust growth going forward as well which results in CARE Ratings assigning a Stable outlook to the industry.

Key weaknesses for the proposed loan
Majority exposure to weak counterparties: Blupine RG have significant exposure to weak state DISCOMs ie. TANGEDCO and TSSPDCL with stretched receivable cycle. The average collection period of the portfolio was 150 days in FY22.
As TANGEDCO and TSSPDCL have opted to liquidate the overdues as per EMI scheme defined in the Electricity (Late Payment Surcharge And Related Matters) Rules, 2022, collection efficiency of the RG has improved during the current years and is expected to further improve going forward.

Moderate generational performance of the restricted group: The capacity utilization factor (CUF) of the portfolio has been consistently below P-90 in the last three years. The management envisages improvement in generation upon implementation of better O&M practices and appointment of a new O&M contractor. Going forward, the improvement in generation due to these initiatives would be key monitorable.

Projected increase in leverage with moderate debt coverage indicators: Total Debt/PBILDT, which stood at 5.35x as on March 22, 2022, is projected to increase beyond 7.0x upon the drawal of the proposed loan. Due to this, the average

projected DSCR based on current generation level and interest rate is expected to be around 1.20x with the annual DSCR tapering till FY32.

Interest rate risk: Given the leveraged capital structure and single-part nature of the fixed tariff in the PPA, profitability remains exposed to any increase in the interest rates, given the floating interest rates for the RG.

Exposure to technology and climatic risk: The SPVs have used poly-crystalline PV technology, which has a proven history worldwide, suffers relatively lower degradation as compared to thin film modules, and requires lesser land, leading to reduction in the Balance of Systems (BoS) cost. However, achievement of the desired CUF going forward would be subject to changes in climatic conditions, amount of degradation of modules as well as other technological risks.

Liquidity – Adequate

There is adequate headroom between the projected gross cash accrual for FY24 vis a vis the repayment for the proposed loan. The proposed DSRA of two quarters along with working capital limit of Rs. 30 crore for NEPL and NSTNPL provides comfort. Realization from weaker off-takers is also expected to improve during the next 12 months primarily driven by EMI scheme.

Applicable criteria

Definition of Default
Consolidation
Factoring Linkages Parent Sub JV Group
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Power Generation Projects
Infrastructure Sector Ratings
Solar Power Projects

About the company and industry

ACPL is a special purpose vehicle incorporated on May 08, 2006 by the Atha Group. In November 2022, the entire shares were acquired by BluPine Energy Private Limited (BEPL). It is operating four plants named ACPL 1, ACPL 2, ACPL 3 and ACPL 4 with a total of 55.2 MW (AC)/ 67.26 MW (DC) Solar PV located in Madhya Pradesh and Telangana. For ACPL 1, it has signed a long-term PPA of 25 years with Southern Power Distribution Company of Telangana Limited and for remaining 3 plants with M.P. Power Management Company Limited. Details of plants under ACPL on standalone basis:

Plant	Plant location	Capacity (AC)	Counterparty
ACPL 1	Aitipamula, Nalgonda District, Telangana	15.0	TSSPDCL
ACPL 2	Licha, Alot, Ratlam, Madhya Pradesh	10.2	MPPMCL
ACPL 3	Khilchipur, Rajgarh, Madhya Pradesh	10.0	MPPMCL
ACPL 4	Licha, Alot, Ratlam, Madhya Pradesh	20.0	MPPMCL

Additionally, ACPL is also the holding company for the following assets which are also the part of the Blupine RG:

Entity	Shareholding (%)
NVR Solar Private Limited	100
NVR Renew Private Limited	100
NVR Mahasolar Private Limited	100
NVR Infrastructure and Services Private Limited	100
RDA Energy Private Limited	100
NVR Energy Private Limited	51

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power Generation

Brief Financials (₹ crore)	FY21 (A)	FY22 (A)	9MFY23 (UA)
Total operating income	67.99	57.20	NA
PBILDT	47.92	44.34	NA
PAT	3.59	2.34	NA

Brief Financials (₹ crore)	FY21 (A)	FY22 (A)	9MFY23 (UA)
Overall gearing (times)	1.91	1.66	NA
Interest coverage (times)	1.52	1.54	NA

A: Audited || UA: Un-audited || NA – Not applicable

Status of non-cooperation with previous CRA: NA
Any other information: NA
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
Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	NA^	333.78	CARE A-; Stable

^ Loan is proposed

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (09-Mar-20)
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST*	-	-	-	-	-	1)Withdrawn (09-Mar-20)
3	Fund-based - LT-Term Loan	LT	333.78	CARE A-; Stable				

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities -

Name of the Instrument	Detailed explanation
A. Financial covenants	(a) Total Debt to Equity Ratio shall not be greater than 4:1; (b) Annual DSCR of at least 1.10x
B. Non-financial covenants	DSRA equivalent to at least two quarter of peak interest and principal shall be created within 90 days of first disbursement.
Waterfall Mechanism	Waterfall mechanism as per draft terms a. Statutory Dues b. Operation and maintenance expenses including employee cost, administrative and general overheads, repair expenses if any, including insurance cost, cost of any Asset Manager, PMA if appointed by lender c. Interest and principal servicing of the facility d. Working Capital Facility and repayment of working capital facility. e. To meet any shortfall in debt serviceability of any RG asset from the surplus available;

Name of the Instrument	Detailed explanation
	f. Funding of DSRA. g. Funding of any other reserves as stipulated by lender. h. Cash Sweep towards pre-payment of term loan facility i. Balance cash may be transferred to Surplus Account into TRA

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: Lender details

To view the lender-wise details of bank facilities please click here

Note on complexity levels of the rated instruments: CARE Ratings 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.

Contact us

Media contact
Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact
Name: Agnimitra Kar
Phone: +91 11 4533 3285
E-mail: agnimitra.kar@careedge.in

Relationship contact
Name: Dinesh Sharma
Phone: : +91-11-4533 3200
E-mail: dinesh.sharmaa@careedge.in

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