AmpIn Energy Transition Private Limited

October 25, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	65.00 (Enhanced from 50.00)	CARE A-; Stable / CARE A1	Revised from CARE BBB+; Stable / CARE A2
Short Term Bank Facilities	100.00	CARE A1	Assigned
Short Term Bank Facilities	885.00 (Enhanced from 105.00)	CARE A1	Revised from CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

To arrive at the ratings of AmpIn Energy Transition Private Limited (AETPL, formerly known as AMP Energy India Private Limited), CARE Ratings has considered the consolidated financial statements of the company wherein Cluster-II, III, IV and V of the group are getting consolidated. The ratings upgrade on the long term and short term bank facilities of AETPL factors in tie up of additional equity amounting to $250 million from multilateral/global banks and funds which is adequate to fund the large-scale under implementation projects beyond the present pipeline of ~2.4 GWp thereby auguring well for its growth prospects. As on September 2023 end, against the committed line - of $250 million, AETPL has received an infusion of $85 million while $40 million is expected to be received in Q3FY24 and balance in FY25-FY26.

CARE Ratings also positively factors in the increase in equity infusion by Copenhagen Infrastructure Partners (CIP) from ~$18 million as on June 2022 end to ~$55 million as on August 2023 end towards the aforementioned capacities under development. Apart from developing the pipeline capacity, the fresh equity infusion is likely to be utilised towards re-acquiring ~100 MWp assets held in cluster I which were previously sold off to Amp Solar Asia Holdings Pte. Limited, Singapore (ASAH). The company also intends to initially consolidate its holdings in cluster II by acquiring stakes from its existing investors i.e., Sumitomo Mitsui Banking Corporation (SMBC) and Core Infrastructure India Fund (CIIF) and subsequently may offload minority stake in the combined capacity (including cluster I, II and III). Going forward, the group is likely to raise non-project debt upto ~Rs. 350 crore which along with the fresh equity proceeds would support the mentioned initiatives. CARE Ratings notes that the existing equity commitment is adequate to fund under development capacities as well as fulfil consolidation related initiatives.

The operating capacity of the company on August 2023 end stood at ~375 MWp as against ~288 MWp as on June 2022 end. CARE Ratings draws comfort from satisfactory operational performance from ~250+ MWp existing capacity which has been operational for more than a year. While the operating capacity has not increased remarkably over the last 12 months primarily due to the elevated module prices, CARE Ratings notes that incremental capacity of ~550 MWp is in an advanced stage of development and likely to get commissioned by FY24 end. The ratings continue to factor in the revenue visibility on account of presence of long-term power purchase agreements (PPAs) for the underlying capacity and low counterparty credit risk given the strong credit profile of the offtakers.

The aforementioned rating strengths are however tempered by the company's leveraged capital structure, attributed to the debt funded capex incurred for setting up the present capacity and large portion of non-commissioned projects. The indebtedness of the company is slated to further rise given 2.4+ GWp capacity under development. As per CARE Ratings' base case, [(Total Debt)/(1 year forward adjusted EBITDA)] (Adjusting for the development fee) is expected to remain around 6.5x over the near term. Any adverse variation in the same would be critical from a credit standpoint. Further, the ability of the company to commission this capacity without material time and cost overruns along with attaining debt funding at competitive rates would remain a key monitorable from credit perspective. While the operating PLF has been reportedly in line with the P 90 level, the cash flows of the company continue to remain exposed to adverse variation in weather conditions given the single part tariff for the projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in operating performance of the commissioned capacity with annual PLF surpassing P-90 levels on a sustained basis
- Improvement in capital structure and coverage indicators for AETPL (consolidated) leading to Total Debt/1 year forward adjusted EBITDA below 6.0x on a sustained basis

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

Negative factors

- Significantly lower than envisaged P-90 generation for the operational projects under AETPL on continued basis thus negatively impacting the cash flows and debt coverage indicators at AETPL consolidated levels
- Slower than expected deleveraging of the portfolio resulting in Total Debt/1 year forward adjusted EBITDA crossing 7.2x on a sustained basis
- Sustained increase in the non-project debt at the group level beyond Rs. 500 crore

Analytical approach: Consolidated

CARE Ratings has considered consolidated financials of AETPL for assessing its credit risk profile. The list of subsidiaries getting consolidated under AETPL as on March 31, 2023 is attached as Annexure 6.

Outlook: Stable

The Stable outlook on the CARE A- rating of AETPL reflects CARE Ratings' opinion that the company will be able to scale up its operating portfolio by commissioning the underlying projects within the scheduled timelines. Further, the outlook is supported by the presence of long term PPAs for the underlying capacities.

Detailed description of the key rating drivers:

Key strengths

AETPL follows a cluster based approach for developing renewable energy projects and is backed by multiple financial investors

AETPL is a renewable energy platform which was incorporated in 2016. The company follows a cluster based approach with AETPL being responsible for executing and managing the projects. The clusters that are formed below AETPL have external investors who also participate in funding its overall capital requirements. AETPL had initially received incubation funding from AmpSolar Group Inc., Canada and thereafter developed ~100 MWp assets under cluster I, which were subsequently sold to ASAH. Prior to the recently committed capital contribution of $250 million from SMBC, Intermediate Capital Group (ICG) and Asian Infrastructure Investment Bank (AIIB), AETPL had received ~$50 million funding from LGT Lightrock in two tranches.

As on September 30, 2023, there are four active clusters under AETPL (Cluster-I is held by ASAH and AETPL only gets the management fee from those assets). Cluster II has investments from CIIF and SMBC ($36 million on a combined basis) apart from the investments from AETPL, Cluster III has 100% investments from AETPL whereas Cluster IV and V wherein the company is developing ~2.4 GWp projects has investments from CIP and AETPL. CIP and AETPL have committed $150 million each for Cluster IV & V. While, the capital is proportionately contributed by the investors of the respective clusters, AETPL is solely responsible for developing the underlying projects and on a standalone basis earns development fees which is utilised for meeting the operating costs at the standalone level. AETPL earned development fee of ~Rs. 90 crore for FY23 and the same is projected to remain between Rs. 120-140 crore annually over the next 3 years.

Enhanced capital commitments to aid development of underlying capacity

AETPL has tied up fresh equity amounting to $250 million from SMBC, ICG and AIIB which augurs well for the growth of the company given the large-scale projects of ~2.4 GWp pending execution. As on September 2023 end, AETPL has received an infusion of $85 million and another $40 million is expected to be received in the next few weeks. CARE Ratings also positively factors in the increase in capital commitments by $50 million from CIP along with increase in actual equity infusion from ~$18 million as on June 2022 end to ~$55 million as on August 2023 end towards the aforementioned capacities under development. Apart from developing the pipeline capacity, the fresh equity infusion is likely to be utilised towards re-acquiring ~100 MWp assets held in cluster I which were previously sold off to ASAH. The company also intends to initially consolidate its holdings in cluster II by acquiring stakes from its existing investors i.e., Sumitomo Mitsui Banking Corporation (SMBC) and Core Infrastructure India Fund (CIIF) and subsequently may offload minority stake in the combined capacity (including cluster I, II and III). Going forward, the group is likely to raise non-project debt upto ~Rs. 350 crore which along with the fresh equity proceeds would support the mentioned initiatives. CARE Ratings notes that the existing equity commitment is adequate to fund under development capacities as well as fulfil consolidation related initiatives.

Satisfactory operational performance for operational portfolio; Nameplate capacity of ~550 MWp in advanced stages of development

AETPL 375 MWp of operating capacity as on August 2023 end. Out of the same, 250 MWp capacity has had a generation track record of more than a year. The operational performance of these assets has improved with FY23 PLF being in line with the P-90 estimates. Moreover, the collection performance has remained satisfactory with average receivable cycle (including unbilled revenue) remaining below 60 days.

CARE Ratings notes that the operating capacity increased marginally by~75 MWp over the last 12 months as capacity addition was adversely impacted due to the elevated module prices. However, the macro environment has turned benign since the last six months with module prices at an all-time low which augurs well for the under-construction capacity. CARE Ratings also notes that incremental capacity of ~550 MWp is in an advanced stage of development and likely to get commissioned by FY24 end.

Revenue visibility on account of presence of long term PPAs for the entire operational capacity

AETPL has low offtake risks owing to the presence of long-term PPAs with C&I counterparties having strong credit profiles for all the operational capacity. Also, most of the operational projects are under group captive scheme, wherein the counterparty has to make equity investment in the respective SPVs equivalent to a minimum of 26% of the total equity requirement for executing the projects which mitigates the risk of project abandonment or non-performance of obligations by the power purchaser under the PPAs. CARE Ratings also notes that PPAs for most of the utility scale projects under development are already in place thereby providing revenue visibility over the long run.

Strong counterparty credit profile for the portfolio

The offtakers for AETPL's operational portfolio comprises C&I customers most of which have strong credit profiles. This mitigates the counterparty credit risk for the company. CARE Ratings notes that, the group has no exposure to any of the state distribution utilities thereby mitigating counterparty related risks. Going forward, the company has 2.4 GW of projects under development, wherein the offtakers profile is strong. The under construction capacity is tied up with SECI, RUMSL, Amazon and CESC Ltd.

Key weaknesses

Leveraged capital structure of the company continues to remain high

AETPL has leveraged capital structure on a consolidated level on account of debt funded capex incurred for setting up renewable energy projects. Going forward, the company is expected to incur a capex of ~Rs 10,000 crore which is likely to be funded in a debt-equity mix of 3:1. Given the high capex, the [(Total Debt)/(1 year forward adjusted EBITDA)] (Adjusting for the development fee) is expected to remain around 6.5x over the near term. Any adverse variation in the same would be critical from a credit standpoint.

CARE Ratings also notes that AETPL also has non-project debt of ~Rs. 115 crore which is expected to increase upto Rs 350 crore going forward which will be utilised for reacquiring cluster I assets and supporting future capacity expansion. Sustained increase in the non-project debt at the group level beyond Rs. 500 crore would be a negative trigger from a credit perspective.

Large projects under implementation thereby exposing the company to execution risks

As on August 2023 end, the group has an under-implementation portfolio of 2.4+ GWp and as a result the group remains exposed to project execution risks. The company's ability to secure required approvals/land and commission the projects as per the envisaged timelines and estimated cost remains critical as any material time or cost related overrun may adversely impact project level returns. CARE Ratings notes that the company has tied up long-term debt for ~0.5 GWp of its under-construction capacity, however, timely achievement of financial closure for the remaining ~1.9 GWp under-implementation capacity and availability of long-tenure debt at cost competitive rates would continue to be a key credit monitorable.

Vulnerability of cash flows to variation in weather conditions

Given the single part tariffs for its assets, the company is susceptible to vagaries of weather conditions and/or equipment quality thus translating into variable revenues. This, in turn, would affect company's cash flows and debt servicing ability. However, CARE Ratings notes that the projects under the group are located in multiple locations across the country and hence geographical concentration risk is mitigated to an extent.

Liquidity: Adequate

The liquidity of the company is adequate as reflected by free cash and bank balance of ~Rs 756 crore on consolidated level as on August 2023 end. The liquidity has been buoyed by the recent fresh infusion of capital by AIIB and ICG. The same is expected to be deployed in the underlying projects. The present equity line of $250 million are expected to adequately meet the onward equity requirements for the projects in under development phase.

Going forward, CARE Ratings estimates the generation performance to be line with designed energy estimates and collections to remain timely given the strong counterparty credit profile for the portfolio.

Applicable criteria

Policy on default recognition
Consolidation
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Credit Watch
Short Term Instruments
Infrastructure Sector Ratings
Solar Power Projects
Wind Power Projects
Policy on Withdrawal of Ratings

About the company and industry

Industry classification

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

AETPL, incorporated in June 2016, is a renewable energy platform with ~375 MWp operational and ~2420 MWp under-implementation renewable energy capacity as on August 2023 end. The group is operating through a cluster based approach with four active clusters at present (Cluster-I with ~100 MWp assets is held by ASAH and AETPL only gets the management fee from those assets). As on August 2023 end, Cluster II has ~245 MWp operating assets, Cluster III has ~30 MWp operational and ~30 MWp under-construction assets, Cluster IV has ~100 MWp operational and ~680 MWp under-construction capacity and Cluster V has ~1700 MWp under-construction capacity.

Brief Financials of AETPL - Consolidated

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (UA)
Total operating income	13	50	138
PBILDT	-31	-6	63
PAT	-38	-77	-109
Overall gearing (times)	1.8	1.5	3.4
Interest coverage (times)	NM	NM	NM

A: Audited UA: Unaudited; NM: Not Meaningful; Note: 'the above results are latest financial results available'

Brief Financials of AETPL - Standalone

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	June 30, 2023 (UA)
Total operating income	785	572	237
PBILDT	40	40	12
PAT	35	29	15
Overall gearing (times)	0.00	0.18	0.07
Interest coverage (times)	NM	3.71	3.22

A: Audited UA: Unaudited; NM: Not Meaningful; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

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: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - ST-Working Capital Limits		-	-	-	100.00	CARE A1
Non-fund-based - LT/ ST-BG/LC		-	-	-	65.00	CARE A-; Stable / CARE A1
Non-fund-based - ST-Letter of credit		-	-	-	885.00	CARE A1

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 2023-2024	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
1	Non-fund-based - LT/ ST-BG/LC	LT/ST*	65.00	CARE A-; Stable / CARE A1	-	1)CARE BBB+; Stable / CARE A2 (28-Jul-22)	1)CARE BBB+; Stable (07-Sep-21)	1)CARE BBB; Stable (10-Aug-20)
2	Non-fund-based - ST-Letter of credit	ST	885.00	CARE A1	-	1)CARE A2 (28-Jul-22)	1)CARE A2 (07-Sep-21)	1)CARE A3+ (10-Aug-20)
3	Fund-based - ST-Working Capital Limits	ST	100.00	CARE A1				

*Long term/Short term.

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

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - ST-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

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

Note on the 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.

Annexure-6: List of subsidiaries getting consolidated under AETPL as on March 31, 2023

Sr. No.	Name of Subsidiaries
1	AMPSOLAR Technology Private Limited
2	AMPSOLAR Park Private Limited
3	AMPSOLAR Urja Private Limited
4	AMPSOLAR Surya Private Limited
5	AMPSOLAR Evolution Private Limited
6	AMPSOLAR Clean Power Private Limited
7	AMPSOLAR Renewable Energy Private Limited
8	AMPSolar Energy Systems Private Limited
9	AMPSolar Power Systems Private Limited
10	AMPSolar Power Generation Private Limited
11	AMP Energy Green C&I Private Limited
12	AMP Energy Clean Private Limited
13	AMP Energy Green Private Limited
14	AMP Energy Green One Private Limited
15	AMP Energy Green Two Private Limited
16	AMP Energy Green Three Private Limited
17	AMP Energy Green Four Private Limited
18	AMP Energy Green Five Private Limited
19	AMP Energy Green Six Private Limited
20	AMP Energy Green Seven Private Limited
21	AMPSOLAR Systems Private Limited
22	AMPSOLAR Infrastructure Private Limited
23	AMPSOLAR Technology Two Private Limited
24	AMP Energy Markets India Private Limited
25	AMP Energy Green Thirteen Private Limited
26	AMP Energy Green Fourteen Private Limited
27	AMP Energy Green Fifteen Private Limited
28	AMP Energy Green Eight Private Limited
29	AMP Energy Green Nine Private Limited
30	AMP Energy Green Ten Private Limited
31	AMP Energy Green Eleven Private Limited
32	AMP Energy Green Twelve Private Limited
33	AMP Energy Distributed Generation One Private Limited
34	AMP Energy Distributed Generation Two Private Limited
35	Kondapuram Solar Private Limited
36	Kasari Solar Private Limited
37	AMP Energy C&I Private Limited
38	AMP Energy C&I One Private Limited
39	AMP Energy C&I Two Private Limited
40	AMP Energy C&I Three Private Limited
41	AMP Energy C&I Four Private Limited
42	AMP Energy C&I Five Private Limited
43	AMP Energy C&I Six Private Limited
44	AMP Energy C&I Seven Private Limited
45	AMP Energy C&I Eight Private Limited
46	AMP Energy C&I Nine Private Limited
47	AMP Energy C&I Eleven Private Limited
48	AMP Energy C&I Twelve Private Limited
49	AMP Energy C&I Ten Private Limited
50	AMP Energy C&I Thirteen Private Limited
51	AMP Energy C&I Fourteen Private Limited
52	AMP Energy C&I Fifteen Private Limited
53	AMP Energy C&I Sixteen Private Limited
54	AMP Energy C&I Seventeen Private Limited
55	Soraba Solar Power Private Limited
56	AMPIN Solar Private Limited
57	AMPIN Solar One Private Limited
58	AMP Energy Green(C&I) One Private Limited
59	AMP Energy Green (C&I) Two Private Limited
60	AMP Energy Green Sixteen Private Limited
61	AMP Energy Green Seventeen Private Limited
62	AMP Energy Green Eighteen Private Limited

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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