AMPL Cleantech Private Limited

October 09, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	18.00	CARE A-; Stable	Assigned
Long-term bank facilities	332.63 (Reduced from 333.78)	CARE A-; Stable	Reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed the rating assigned to the long-term bank facilities aggregating to ₹332.63 crore while assigning a rating of 'CARE A-; Stable' to the enhanced long-term bank facilities aggregating to ₹18 crore of AMPL Cleantech Private Limited (ACPL). CARE Ratings has also withdrawn the outstanding rating assigned to the long-term bank facilities availed from Indian Renewable Energy Development Agency Limited (IREDA) with immediate effect, as the company has repaid the entire facility and there is no amount outstanding under the said facility.

The ratings for the bank facilities consider ACPL to be a part of a restricted group (RG), comprising eight special purpose vehicles (SPVs), viz, 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), Solarcraft Mahasolar Private Limited (SMPL, erstwhile NVR Mahasolar Private Limited), NVR Renew Private Limited (NRPL), and RDA Energy Private Limited (REPL), herein referred to as the Blupine RG. This is owing to the presence of the intercompany agreement between the entities. All the entities are in a similar line of business with shared management functions and have the benefit of pooling of surplus cash flows from the individual entities to service shortfalls in debt servicing, if any, in any of these entities.

The reaffirmation of the ratings continues to factor 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. The reasonable operational track record of Blupine RG and the improvement in the blended generation for the RG during FY23 (FY refers to the period from April 01 to March 31) and Q1FY23 (Q1 refers to the period from April 01 to June 30) adds strength to the rating. The rating also takes into account the maintenance of a combined debt service reserve account (DSRA) equivalent to more than two quarters of debt service obligations of the pool and the tie-up of a combined working capital facility aggregating to ₹65 crore, providing additional liquidity cushion.

The ratings also derives comfort from the geographical and off-taker diversification of the pool and the ownership of Actis Energy Fund-5 (AE-5) in Blupine Energy Private Limited (BEPL, the ultimate shareholder of Blupine RG). Given Actis Capital LLP's (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 the stretched receivable cycle in NEPL, NSTNPL, and ACPL, which has shown improvement in FY23. The rating takes cognisance of the leveraged capital structure of the Blupine RG on account of the top-up debt, thereby moderating the projected debt service coverage ratio (DSCR).

Rating sensitivities: 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 the credit profile of the parent, i.e., BEPL.
- Improvement in the credit risk profile of the off-takers (excluding central counterparties).

Negative factors

- Lower-than-envisaged generation or increase in the 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 the credit risk profile of the off-takers, leading to elongation in the receivables period beyond 210 days, adversely impacting the liquidity of the RG.

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

Analytical approach

All the eight SPVs, referred as Blupine RG (i.e., ACPL, CSSPL, NSTNPL, NEPL, NISPL, SMPL, NRPL, and REPL), are subsidiaries of BEPL and are engaged in the similar lines of business. Moreover, these SPVs are also expected to have fungibility of the surplus cash post servicing of their respective debt. This is on account of the inter-company agreement executed for the entire amount of the facility and for the full tenure along with a well-defined payment mechanism. Hence, the financial and business risk profiles of these entities have been combined.

Furthermore, the linkages of Blupine RG with the parent entity, i.e., BEPL have also been considered

Outlook: Stable

The 'Stable' outlook reflects the company's ability to sustain steady generation levels and a reasonable lag in collection from the off-taker with regular interest outgo in the medium term.

Detailed description of the key rating drivers

Long-term revenue visibility through PPA for the entire capacity

The SPVs have entered into PPAs for the off-take of 355.56 MWAC for a period of 25 years at fixed tariff of ₹4.36 per unit (capacity weighted average), which is fairly competitive, and provides long-term revenue visibility for the Blupine RG.

Existence of geographical and off-taker diversification

The RG structure benefits on account of diversification as the installed 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., Tamil Nadu Generation and Distribution Corporation (TANGEDCO, 56%), 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 FY23, 26% of the profit before interest, lease rentals, depreciation and taxation (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 three years. Notably, 44% of the contracted capacity has an operational track record of more than five years.

Favourable lending terms

The arrangement with term loan lenders stipulates the creation and maintenance of a DSRA as per the credit profile of the respective off-taker, leading to a combined DSRA of more than two quarters of debt service obligations for the RG. Furthermore, the sanctions stipulate the arrangement of a working capital limit for each SPV, the total of which will not be more than ₹65 crore. The interest rate is floating; however, the interest rate reset is every three years from the first date of disbursement, which mitigates the interest rate variation risk. The presence of a structured waterfall mechanism and cash sweep provide additional comfort.

Firm investment commitment of the Actis platform along with managerial experience

BEPL, which directly or indirectly holds the entire stake in these eight SPVs, is a renewable energy platform promoted by Actis for setting up of wind, solar, 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, operating, and selling of sizeable 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 eight SPVs are expected to benefit from the operational linkages with its parent.

Key weaknesses

Majority exposure to weak counterparties

Blupine RG has significant exposure to weak state discoms, ie., TANGEDCO and TSSPDCL, with a stretched receivable cycle. The average collection period of the portfolio was 165 days (PY: 150 days) in FY23. As TANGEDCO and TSSPDCL have opted to

liquidate the over dues as per the EMI scheme defined in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, the collection efficiency of the RG has improved to some extent recently.

Moderate generational performance of the restricted group

The capacity utilisation factor (CUF) of the portfolio has been consistently below P-90 in the past three years. However, the generation has shown improvement in FY23 as compared to FY22 on account of the improved operation and maintenance (O&M) practices. Going forward, the improvement in generation due to these initiatives will be a key monitorable.

High leverage on account of top-up debt with moderate debt coverage indicators

The total external debt/PBILDT, which stood at 5.52x as on March 31, 2023, is expected to increase beyond 6.0x upon the drawal of the top-up loan. Moreover, on account of the higher-than-previously envisaged top-up of loan along with the higher-than-projected interest rate, the average projected DSCR based on the current generation level and the interest rate is expected to be below 1.30x. Also, the annual DSCR has a tapering trend until FY34.

Liquidity: Adequate

There is adequate headroom between the projected gross cash accruals (GCA) for FY24 vis-à-vis the repayment for the term loan. The combined DSRA of more than two quarters along with the total working capital limits aggregating to ₹65 crore for the pool provides comfort. The realisation from weaker off-takers is also expected to improve during the next 12 months, primarily driven by the 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
Withdrawal Policy
Infrastructure Sector Ratings
Solar Power Projects

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power generation

ACPL is a SPV incorporated on May 08, 2006, by the Atha Group. In November 2022, the entire shares were acquired by BEPL. It is operating four plants, namely, 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 the remaining three plants with M.P. Power Management Company Limited. The details of the plants under ACPL on a standalone basis are as follows:

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

ACPL – Standalone

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (P)	Q1FY24 (UA)
Total operating income	57.20	54.98	NA
PBILDT	44.34	43.67	NA
PAT	2.34	-11.41	NA
Overall gearing (times)	1.66	3.31	NA
Interest coverage (times)	1.54	0.86	NA

A: Audited; P: Provisional; UA: Unaudited; NA: Not available. Note: The above results are the latest financial results available.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

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

Complexity level of the various instruments rated: 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-Cash Credit	-	-	-	-	18.00	CARE A-; Stable
Fund-based - LT-Term Loan	-	-	-	June 2036	332.63	CARE A-; Stable
Fund-based - LT-Term Loan	-	-	-	June 2032	0.00	Withdrawn

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	Fund-based - LT-Term Loan	LT	332.63	CARE A-; Stable	-	1)CARE A-; Stable (09-Mar-23) 2)CARE A-; Stable (14-Feb-23)	-	-
2	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB+ (RWD) (09-Mar-23)	-	-
3	Fund-based - LT-Cash Credit	LT	18.00	CARE A-; Stable				

*Long term/Short term.

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

Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	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.

Contact us

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About us:

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