FOUR EF RENEWABLES PRIVATE LIMITED

December 31, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	222.00	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Four EF Renewables Private Limited (FEFR), which is operating a 38 MW wind power plant in Karnataka, factors in operational track record of ~4 years, where the operating performance has remained satisfactory. FEFR's PLF stood at 37.6% for FY24 against 35.4% for FY23. In 6MFY25, the project achieved a plant load factor (PLF) of 49.8% against a PLF of 53.7% in 6M FY24. Collection cycle remained satisfactory with average collections days of ~15-20 days post raising the invoices. The rating derives strength from presence of medium-to-long-term (10-25 years) power purchase agreements (PPAs) with multiple reputed commercial and industrial (C & I) counterparties, at a competitive weighted average tariff of ~₹4.0 per unit. Presence of enabling clauses pertaining to tariff escalation, presence of lock-in period and compensation to the developer in case of an early exit by the customer act as necessary safeguards. Debt-protection metrics are expected to be comfortable, as reflected by average debt-service coverage ratio (DSCR) being over 1.3x for the debt tenor, per CARE Ratings Limited's (CARE Ratings) base case scenario. The rating continues to factor in the benefits FEFR derives as a part of Ampyr Group which has a global presence in US, Australia, Europe and is backed by strong investors such as Netherlands-based Climate Fund Managers (CFM) and Singapore-based AGP Group.

CARE Ratings Limited (CARE Ratings) also notes that, the company has refinanced its entire long term debt facilities with a new lender in December 2024 and is also planning to avail the top up-debt of ~₹20 crore over and above its existing exposure of ~₹200 crore (including recently availed top-up loan of ~₹70 crore utilised to repatriate promoters' funds).

However, the rating is constrained due to leveraged capital structure as reflected by its expected total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) of ~3.2x as on FY24 end, which is expected to increase to over 5.5x at FY25 end, in CARE Ratings' base case projections, considering incremental debt availed/proposed to be availed in FY25. Project's cash flows are exposed to adverse movement in interest rates, which is floating for the project debt and subject to periodic reset. CARE Ratings also factors in exposure of project cash flows to adverse variations in weather conditions and asset concentration risk given the full capacity is in one state.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in actual generation levels in line with the P90 level, resulting in improved liquidity position.
- Faster-than-expected deleveraging of the asset.

Negative factors

- Decline in overall generation or increase in debt level or interest costs, leading to deterioration in coverage metrics with average DSCR falling below 1.20x, on a sustained basis.
- Adverse change in tie up of power to off-takers including but not limited to (i) weakening counterparty credit profile (ii) stretching receivable cycle and reduction in realised tariffs
- Adverse change in linkages/support philosophy between the shareholders and FEFR.

Analytical approach: Standalone

Outlook: Stable

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

The stable outlook on the long-term CARE A ratings of FEFR reflects CARE Ratings' opinion that the company would benefit from its stable revenue profile supported by medium-to-long term PPA with multiple reputed C&I counterparties. Expectations of satisfactory generation and collection performance supports the outlook.

Detailed description of key rating drivers:

Key strengths

Operational track record of around four years with satisfactory generation levels and timely collections
FEFR is operating a 38 MW wind power plant in Karnataka, which has a generation track record of around four years, with a satisfactory operating performance. The plant reported a PLF of 35.4% and 37.6% in FY23 and FY24, respectively. In 6MFY25, the project achieved a PLF of 49.81%, considering higher wind season in the first two quarters of the year. Collection cycle has remained satisfactory, with company receiving payments from all off-takers within ~15-20 days of raising the invoice.

Low off-take risk due to presence of medium-to-long term PPAs
FEFR has low off-take risks owing to the presence of medium-to-long-term (10-25 years) PPAs with multiple reputed C&I counterparties at a competitive weighted average tariff of ~₹4.0 per unit. Presence of escalation clause built-in more majority contracts and presence of enablers such as lock-in period and compensation to the developer in case of an early exit by the customer, act as necessary safeguards.

Comfortable debt protection metrics
Coverage indicators are expected to be comfortable, as reflected by average DSCR of over 1.3x for debt tenor. FEFR is maintaining DSRA equivalent to two quarters of debt servicing in-line with the sanctioned terms, which provides comfort.

Key weaknesses

Leveraged capital structure and exposure to interest rate risks
The company's capital structure is leveraged as reflected by its expected TD/EBITDA of ~3.2x as on FY24 end, which is expected to increase to over 5.5x at FY25 end, in CARE Ratings' base case projections, considering incremental debt availed/proposed to be availed in FY25. Given the leveraged capital structure and floating interest rates, its profitability remains exposed to adverse movements in interest rates.

Cash flows vulnerable to variation in weather conditions
The project's cash flows are exposure of project cash flows to adverse variations in weather conditions. As tariffs are one part in nature, the company may book lesser revenues in the event of non-generation of power due to variation in weather conditions and/or equipment quality. This would affect its cash flows and debt servicing ability. Geographical concentration of asset amplifies generation risk.

Liquidity: Adequate

The company's liquidity position is adequate as reflected in free cash and bank balance of ₹31.6 crore. The company maintains a debt service reserve account (DSRA) of ₹19.3 crore (equivalent to two quarter debt servicing), as on December 13th, 2024.

Per CARE Ratings' base case, adjusted gross cash accruals (GCAs) for FY25 and FY26 is expected to be ~₹16 and ₹18 crore, against annual principal repayments of ~₹11 crore and ₹9 crore respectively.

Applicable criteria

Policy on Default Recognition
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Infrastructure Sector Ratings
Wind Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

FEFRP is a special purpose vehicle (SPV) promoted by Ampyr India Assets Holdings Pte Limited (AIAH), which is held by Ampyr India Investments Holdings Pte Limited (AIIH), both (AIAH and AIIH) based in Singapore. AIIH is also the holding company of the entire renewable energy assets of the AMPYR group in India. FEFR has commissioned 38 MW operational wind power project at Balenahalli, Chitradurga, Karnataka, under the group captive scheme and achieved commissioning in phases in December 2020 and May 2021.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	36.79	48.55
PBILDT	11.45	42.91
PAT	-6.10	14.77
Overall gearing (times)#	5.52	3.55
Interest coverage (times)*	1.57	2.23

A: Audited; Note: these are latest available financial results; # Excludes loans from group companies as these are subordinated to external debt; *Excludes interest expense on loans from group companies and forex losses which was a non-cash item

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT-Term Loan		-	-	FY2040	222.00	CARE A; Stable

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	222.00	CARE A; Stable				

LT: Long term

Annexure-4: Complexity level of instruments rated

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

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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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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