

Phelan Energy India RJ Private Limited

December 27, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	212.00	CARE A- (CWP) (Single A Minus) (Under Credit watch with Positive Implications)	Placed on Credit watch with Positive Implications
Total Bank Facilities	212.00 (Rs. Two Hundred Twelve Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Phelan Energy India RJ Private Limited (PEIRPL) has been placed under credit watch with positive implications in the view of the recent change of promoter group in PEIRPL from Phelan Energy Group Limited (PEGL), Mauritius to Ayana Renewable Power Private Limited (ARPPPL). ARPPPL has already acquired ~73% stake in PEIRPL from PEGL and balance shareholding is yet to be transferred due to pending regulatory approvals. ARPPPL is promoted by National Investment and Infrastructure Fund Limited (NIIF, 51% stake) CDC Group Plc (33%) and Green Growth Equity Fund (GGEF, 16%). CARE is in process of evaluating the impact of the transaction on credit profile of PEIRPL and would take a view on the rating once the exact implication of the said event can be ascertained.

The rating continues to derive strength from long-term power purchase agreements (PPA) with Solar Energy Corporation of India (SECI) at a fixed tariff providing revenue visibility, relatively strong financial risk profile of the off-taker, project part of Bhadla Solar Park, availability of Debt Service Reserve Account (DSRA) covering 2 quarters of peak debt servicing obligations in place and minimum cash reserve balance maintained in-line with stipulated conditions, moderately comfortable debt coverage indicators and experienced promoter group with demonstrated track record of setting up and operating solar power projects across multiple geographies.

The rating is, however, constrained by refinancing risk on account of put option available with lender after 5 years and every 5 years thereof from initial disbursement date and vulnerability of the operational performance to climatic conditions and grid availability.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Generation level in-line or better than envisaged P-90 CUF of 27.56% (applicable for FY21 along with annual degradation) on a sustainable basis
- Continuous receipt of payments from the sole off-taker (SECI) in a timely manner

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Lower than envisaged P-90 levels of 27.56% (applicable for FY21 along with annual degradation) leading to lower cash accruals impacting the debt coverage indicators
- Delay in receipt of payments against sale of power or safeguard duty from the off-taker viz. SECI leading to elongation in receivable cycle beyond 3 months impacting the overall liquidity profile of the company
- Inability of the SPV to meet required covenants as per the sanctioned terms leading to breach in terms of financing agreements including maintenance of DSRA & other stipulated reserves
- Deterioration in credit risk profile of the Offtaker viz. SECI

Detailed description of the key rating drivers

For detailed description of the key rating factors in previous press release of PEIRPL is available on the following link: [click here](#)

Liquidity analysis: Adequate

As on September 30, 2021, PEIRPL has created DSRA in line with the sanction terms in the form of Fixed Deposits which is equivalent to 2 quarters of debt servicing. Further, the project SPV has free surplus cash of Rs.50.78 crore. Further, the company will be generating adequate accruals for debt obligations of Rs.10.58 crore in FY22.

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

Analytical approach: Standalone.

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[Rating Methodology: Solar Power Projects](#)

About the Company

PEIRPL has set up a 50 MW AC (70 MW DC) solar power plant based on Photo Voltaic (PV) technology using Poly-Crystalline at Bhadla (Phase – IV, Solar Park), Phalodi – Tehsil, Jodhpur – District, Rajasthan. PEIRPL has entered into a PPA with SECI on September 26, 2017 for a period of 25 years at a fixed tariff of Rs.2.62 per unit. The project was commissioned in phases with first 30 MW commissioned on 6th November 2018 and remaining 20 MW of capacity commissioned on 22nd November 2018 as against SCOD of 16th September 2018. The commissioning of the project got delayed due to imposition of safeguard duty on solar PV modules.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	H1FY22 (Prov.)
Total operating income	30.55	33.75	17.13
PBILDT	26.73	27.40	15.22
PAT	-2.75	-5.58	-
Overall gearing (times)	3.07	3.79	-
Interest coverage (times)	1.29	1.09	1.85

A: Audited; Prov.: Provisional

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 for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	March 31, 2039	212.00	CARE A- (CWP)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	212.00	CARE A- (CWP)	-	1)CARE A-; Stable (30-Mar-21) 2)CARE A-; Stable (22-Dec-20)	-	-

* Long Term / Short Term

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

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: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. 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.

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