

AMP Energy India Private Limited (Revised)

July 28, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	50.00 (Reduced from 55.00)	CARE BBB+; Stable / CARE A2 (Triple B Plus ; Outlook: Stable/ A Two)	Reaffirmed
Short Term Bank Facilities	105.00 (Enhanced from 30.00)	CARE A2 (A Two)	Reaffirmed
Total Bank Facilities	155.00 (₹ One Hundred Fifty-Five Crore Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

The ratings reaffirmation on the bank facilities of AMP Energy India Private Limited (AEIPL, erstwhile AMP Solar India Private Limited) factors in satisfactory progress in commissioning of assets accumulating to ~183 MW (DC) capacity in FY22 along with fund infusion of ~USD 20 million by LGT Lightrock in AEIPL and ~USD 18 million by Copenhagen infrastructure Partners (CIP) at clusters under AEIPL. CareEdge Ratings, however notes that this fund infusion was a part of the funds committed by the respective sponsors previously. Additionally, CIP has committed a further USD 82 million for assets under development in Clusters 4 and 5. This apart, the rating continues to factor in revenue visibility of the underlying portfolio as all the operational assets have long term power purchase agreements (PPAs) along with the low counterparty related risks given the strong credit profiles of the offtakers. The overall receivable cycle of the company continues to remain low on account of the same. The ratings continue to derive strength from the presence of multiple investors in the platform which have aided mobilisation of capital.

The rating is, however, constrained on account of limited track record of the operations (3 months to 2 years) for the underlying portfolio along with generation performance being lower than designed energy levels. The generation performance was adversely impacted in FY22 on account of stabilisation and maintenance related bottlenecks, however the same has improved in Q1FY23. The company has an under-construction portfolio of ~1.4 GW so far and plans to further build on the same over the near to medium term. Given the high capital costs involved in setting up of power projects, it becomes incumbent for the company to secure debt as well as equity tie ups for the same. The ability of the company to mobilise funds in a timely and cost-effective manner would be a credit monitorable. The rating remains constrained on account of leveraged capital structure along with execution related risks, given the high capacity under development. The ability of the company to develop the underlying projects within the envisaged cost and time would be a key credit sensitivity. The ratings continue to factor in the exposure of the company's performance to adverse variation in weather conditions, as well as adverse interest rate fluctuations given the single part tariff for the underlying projects.

Rating sensitivities**Positive factors – Factors that could lead to positive rating action/upgrade:**

- Improvement in operating performance of the commissioned capacity as reflected by annual PLF being above P-90 levels on a sustained basis
- Successful commissioning of the under-construction capacity within the budgeted cost and envisaged timelines along with raising of fresh equity capital to meet the sponsor requirements
- Improvement in coverage indicators for the consolidated portfolio on a sustained basis

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

- Sustained underperformance in generation of the overall portfolio thereby resulting in downward revision of average DSCR to below 1.15 times for the overall portfolio as per CareEdge Ratings' base case
- Material delay in raising of fresh capital to execute the underlying capacity
- Deterioration in operational performance of the portfolio as reflected by lower generation, delay in commissioning of assets and elongation of receivable cycle
- Any materially adverse regulatory events including but not limited to GIB issue, Change in law related approvals as well as BCD related developments

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

Detailed description of the key rating drivers

Key rating strengths

AMP group has backing from strong financial investors globally as well as in India

AEIPL is part of the Canada based Independent Power Producer AMP Solar Group Inc. (ASGI). ASGI was founded in 2009 and develops, owns and operates solar energy projects, both ground mounted as well as rooftop solar projects. ASGI is a leading distributed generation developer and has set up an under construction and operational capacity of around 8.77 GW across the world. ASGI has investments from ZOMA Capital, The Carlyle Group and various pension funds at the global level.

At the India level AEIPL has been developing portfolio in various clusters which have investments from separate investors. At the Indian holdco level i.e., AEIPL has investments from ASGI and LGT Lightrock. As per the present shareholding pattern, ASGI has majority shareholding in AEIPL, however on a fully diluted basis LGT Lightrock is the majority shareholder as most of the funds have been infused by them. These funds have been invested in various clusters wherein, capital has been contributed by other investors as well. In cluster 2, investments have been secured from Core Infrastructure Fund Pte Ltd (CIIF), Sumitomo Mitsui Banking Corporation (SMBC) whereas in cluster 4 and 5, investments have been secured from Copenhagen Infrastructure Partners (CIP). Cumulatively, at the cluster level the company has received commitment of ~USD 135 million and the actual infusion has been ~55 million USD.

Increase in operational capacity

AEIPL has an operational portfolio of ~287 MW and under construction portfolio of 1.4 GW as on June 30, 2022. Previously, the operational portfolio as on March 31, 2021 was 74 MW. The group has demonstrated capabilities with respect to execution as reflected by commissioning of ~183 MW capacity in FY22. Going forward, CareEdge Ratings expects the overall capacity to increase significantly, given the large capacity being in the development stage.

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

AEIPL has low offtake risks owing to the presence of long-term power purchase agreements (PPAs) with C&I counterparties with good 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 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.

Strong counterparty credit profile for the portfolio

The offtakers for the presently operational portfolio of the company comprises C&I customers most of which have strong credit profiles. This mitigates the counterparty credit risk for the company. CareEdge Ratings notes that, the group has no exposure to any state distribution utility which acts as a positive. AEIPL has been successfully receiving payments in a timely manner as reflected by a receivable cycle of ~35 days for the overall portfolio. Going forward, the company has 1.4 GW of projects under development, wherein the offtakers comprise central counterparties viz. SECI and NTPC. Thus, the counterparty credit profile of the overall portfolio is expected to remain healthy.

Industry Outlook

India has an installed renewable capacity of ~110 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 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 CareEdge Ratings Ltd assigning a Stable outlook to the industry.

Key rating weaknesses**Portfolio with average track record of less than a year for operational capacity, cost competitiveness is high**

Out of the total operational capacity of ~287 MW (excluding ~97 MW under Cluster-I), only 74 MW has a track record of more than a year resulting in overall portfolio being in a nascent stage. Most of the assets in the portfolio are yet to establish a significant operational track record and the same remains a key credit monitorable. With a significant amount of capacity under construction, the weighted average track record of the portfolio is expected to remain low over the near to medium term. Most of the under-development portfolio has been secured through the bidding route, thereby aiding in improving the cost competitiveness. CareEdge Ratings however makes a note of satisfactory execution capabilities of the group as have been exhibited in the past through development of assets various clusters along with assets previously developed in cluster 1 which was ultimately sold to AMPSolar Asia Holdings Pte. Ltd.

Operating performance of commissioned assets was lower than the designed estimates for FY22

The company has ~287 MW of operational capacity (excluding 97.3 MW under Cluster-I) out of which ~183 MW capacity has been commissioned in FY22 and 30 MW in May, 2022 (FY23); having very limited or no operational track record. For rest ~74 MW capacity which has operational track record of more than a year and was operational for full FY22, the generation performance was lower than designed energy estimates (P-90). The underperformance was on account of stabilisation related issues. However, the operational performance of that capacity in Q1FY23 has been satisfactory.

Vulnerability of cash flows to variation 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, in turn, will affect its cash flows and debt servicing ability.

Project execution risk given lack of firm capital tie ups for substantial part of future equity contributions

AEIPL has a large under-construction capacity of ~1.4 GW under their portfolio as on June 30, 2022. Given the large size of the projects under execution, the company remains exposed to execution risk and funding risk. The ability of the group to execute the capacities under development in a timely manner, without any major cost overrun, would be critical from a credit standpoint.

Leveraged capital structure along with exposure to interest rate risks

The capital structure of the company is leveraged on account of debt-funded nature of capex incurred for setting up various projects. Given the high proportion of debt, the overall leverage at the portfolio level is expected to be around 2.5x over the next few years. Moreover, given the relatively high cost of borrowing, the coverage metrics for the portfolio stand modest. Further the company's debt protection metrics remain exposed to any adverse movements in the interest rates.

Liquidity Analysis: Adequate

As on March 2022 end, the company had cash and bank balances of ~Rs. 215 crore along with a working capital line of Rs. 50 crore wherein the utilisation was ~50%. Going forward, CareEdge Ratings expects the generation performance of the underlying portfolio to be in line with the designed energy estimates and collections to remain timely given the strong counterparty credit profile. The internal accruals from the presently operational capacity are expected to be adequate to service their respective debt obligations.

Analytical approach: Consolidated. CareEdge has considered consolidated financials of AEIPL while assessing its credit risk profile. List of subsidiaries getting consolidated at AEIPL as on March 31, 2022 are attached as Annexure 6 of this note.

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Nonfinancial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Infrastructure Sector Ratings](#)

[Power Generation Projects](#)

[Solar Power Projects](#)

[Wind Power Projects](#)

About the company

AMP Energy India Private Limited (AEIPL) incorporated in June 2016, is majorly owned subsidiary of Singapore-based AMPSolar Energy Asia Pte Limited (ASEAPL; 66.75%). Other minority investors in AEIPL includes Mr. Pinaki Bhattacharya and Management Shareholders (23.9%) and LGT Lightrock (9.35%). ASEAPL is the holding company for Asia-Pacific operations of Canada-based Independent Power Producer (IPP) AMP Solar Group Inc. (ASGI). ASGI, founded in 2009, is involved in the development, construction and management of solar power projects, both in rooftop and ground mounted segments.

Brief Financials AEIPL (Consolidated - ₹ crore)	March 31, 2021 (A)	March 31, 2022 (Prov.)	Q1 FY2023
Total operating income	19.03	58.82	NA
PBILDT	-31.94	-0.03	NA
PAT	-38.38	-48.36	NA
Overall gearing (times)	1.84	2.01	NA
Interest coverage (times)	NM	NM	NA

A: Audited, Prov.: Provisional, NM: Not meaningful, NA: Not 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 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	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Non-fund-based - LT/ ST-BG/LC	-	-	-	50.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Letter of credit	-	-	-	105.00	CARE A2

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	Non-fund-based - LT/ ST-BG/LC	LT/ST*	50.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable (07-Sep-21)	1)CARE BBB; Stable (10-Aug-20)	1)CARE BBB; Stable (22-Nov-19) 2)CARE BBB-; Stable (04-Apr-19)
2	Non-fund-based - ST-Letter of credit	ST	105.00	CARE A2	-	1)CARE A2 (07-Sep-21)	1)CARE A3+ (10-Aug-20)	1)CARE A3+ (22-Nov-19) 2)CARE A3 (04-Apr-19)

*Long term/Short term.

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

Name of the Instrument	Detailed Explanation
Non-financial covenants	
Security	<ul style="list-style-type: none"> First Pari passu hypothecation charge on all existing and future current assets, receivables of the Borrower First Pari passu hypothecation charge on all existing and future moveable fixed assets of the Borrower For the enhanced limit, the security to be created & perfected within 60 days from the date of disbursement

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Non-fund-based - LT/ ST-BG/LC	Simple
2	Non-fund-based - ST-Letter of credit	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 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 at AMP Energy India Private Limited as on March 31, 2022

Name of the Company and Country of incorporation	Relationship as on March 31, 20202
AMPSolar Technology Private Limited, India (Cluster-II)	Subsidiary
AMPSolar Energy Systems Private Limited, India	Step-down subsidiary
AMPSolar Renewable Energy Private Limited, India	Step-down subsidiary
AMPSolar Clean Power Private Limited, India	Step-down subsidiary
AMPSolar Evolution Private Limited, India	Step-down subsidiary
AMPSolar Urja Private Limited, India	Step-down subsidiary
AMPSolar Power Systems Private Limited, India	Step-down subsidiary
AMPSolar Park Private Limited, India	Step-down subsidiary
AMPSolar Surya Private Limited, India	Step-down subsidiary
AMPSolar Infrastructure Private Limited, India	Step-down subsidiary
AMP Energy C&I Green Private Limited, India (Cluster-III)	Subsidiary
AMP Energy Distributed Generation One Private Limited, India	Step-down subsidiary
AMPSolar Power Generation Private Limited, India	Step-down subsidiary
AMP Energy C&I Private Limited, India (Cluster-IV)	Subsidiary
AMP Energy Green One Private Limited, India	Step-down subsidiary
AMP Energy Green Nine Private Limited, India	Step Down Subsidiary
AMP Energy Green Eleven Private Limited, India	Step Down Subsidiary
AMP Energy Green Twelve Private Limited, India	Step Down Subsidiary
AMP Energy Green Thirteen Private Limited, India	Step Down Subsidiary
AMP Energy Green Fifteen Private Limited, India	Step Down Subsidiary
AMP Energy C&I One Private Limited, India	Step Down Subsidiary
AMP Energy C&I Five Private Limited, India	Step Down Subsidiary
AMP Energy C&I Six Private Limited, India	Step Down Subsidiary
AMP Energy Green Private Limited, India (Cluster-V)	Subsidiary
AMP Energy Green Four Private Limited, India	Step Down Subsidiary
AMP Energy Green Five Private Limited, India	Step Down Subsidiary
AMP Energy Green Six Private Limited, India	Step Down Subsidiary
AMP Energy Green Eight Private Limited, India	Step Down Subsidiary

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About us:

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