



RATING RATIONALE

21 December 2020

AMPL Cleantech Pvt Ltd

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 300.00 Crs of AMPL Cleantech Pvt Ltd.

Particulars

Facilities / Instrument**	Amount (Rs. Crs.)	Tenure	Rating*
Fund based			
Working Capital	20.00	Long Term	BWR BBB+ (Stable)
Term Loan	280.00		
Total	300.00	Rupees Three Hundred Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

** Details of bank loan facility are provided in Annexure-I

RATING ACTION / OUTLOOK

The rating has positively factored in the long track record of Kolkata-based Atha Group; its experience of operating solar projects in different parts of the country; long-term Power Purchase Agreements (PPA) of 25 years between AMPL Cleantech Pvt Ltd (AMPL or the company) & its subsidiaries with various state distribution companies and central govt. entities like Solar Energy Corporation of India (SECI), NTPC Vidyut Vyapar Nigam Limited (NTPC); stable operation of the solar projects, operationalization of additional 200 MW in Tamil Nadu in Sep 2019, has increased operating income at the consolidated level.

However, the rating is constrained by increase in leverage due to debt-funded capex; risk of delayed payments from state distribution companies; inherent vulnerability of solar power projects to risks emanating from climatic conditions, technological factors, regulatory changes among others.

Brickwork Ratings (BWR) expects the business risk profile will be maintained over the medium term. The outlook may be revised to positive if the profitability improves, debt level comes down along with improvement in debt servicing indicators. The outlook may be revised to negative if the CUF declines in one or more plants, leading to lower-than-expected revenue, delay in the realisation of receipts from the counterparties, other factors affecting power generation adversely.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The key covenants for the rated term loan includes, (i) DSRA balance of two quarters debt servicing amount (ii) 50% of surplus cash to be used for pre - payment of principal (iii) all the cash-flow from the four projects under the company, to be routed through one trust and retention account.

KEY RATING DRIVERS

Credit Strengths:

Long business experience of Atha Group, experience in operating solar projects:

Atha Group, based out of Kolkata, has over six decades of experience in the mining & minerals industry. Over the years, the group has diversified into power & steel, calcined petroleum coke, renewable energy and other areas. Promoters Kishore Kumar Atha and Dilip Kumar Atha have nearly four decades of experience in handling various businesses of the group. The group, through its renewable energy arm AMPL Cleantech Pvt Ltd, has invested heavily in the renewable energy sector and has eleven solar power projects in six Indian states (Karnataka, Maharashtra, Rajasthan, Madhya Pradesh, Telangana, Tamil Nadu), with a total of 355 MW capacity.

Long-term PPA with counterparties:

The company has long term PPAs for all the solar projects mitigating offtake risk. AMPL on a standalone basis operates 40 MW capacity in Madhya Pradesh with Madhya Pradesh Power Management Company Limited (MPPMCL) as the PPA counterparty on behalf of Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (MPPKVVCL) and 15 MW capacity in Telangana with Telangana State Southern Power Distribution Company Limited (TSSPDCL) as the PPA counterparty.

AMPL has a consolidated capacity of 355 MW including 55MW in the company and the remaining capacity through its subsidiaries with diverse counterparties including SECI, NVVNL, MESCOM, BESCOM, TANGEDCO, etc. across six states.

Stable performance of operational projects, new TN projects has improved revenue at consolidated level :

Most of the company's operational projects achieved COD 3 to 7 years ago having stable operation with average CUF close to 20%. In Sep'19, two projects of 100MW each in Tamil Nadu achieved COD giving further boost to its operational portfolio. With FY 21, being their first full year of operation at the increased capacity, the consolidated income from the sale of power is expected to increase by 75% over FY 20.

Credit Risks:

Increase in leverage due to debt-funded capex:

AMPL's leverage level has been increasing both at standalone and consolidated levels for the last two years. Additional borrowings for Tamil Nadu projects availed in FY 21 will further increase the consolidated leverage level at the end of FY 21.

Risk of delayed payments from state distribution companies:

AMPL on a consolidated level has PPA agreements with state distribution companies for 80% of its total production capacity. Delay in realisation of receipts from the state distribution companies can result in deterioration of liquidity profile.

Climatic and technological risk:

Unexpected climatic conditions affecting the solar irradiation level, temperature etc. can have an effect on generation efficiency. Similarly, PV module degradation, aging, efficiency of inverters and transmission systems can affect the overall efficiency of the solar plants.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has considered both standalone and consolidated financials, cash flow projections, and operating performance of the solar projects to arrive at the rating. (Hyperlink to the applicable criteria has been provided below).

RATING SENSITIVITIES

Positives:

- Ability to improve profitability, reduce debt level along with improvement in debt servicing indicators

Negatives:

- Decline in CUF in one or more plants, leading to lower-than-expected revenue
- Delay in the realisation of receipts from the counterparties; natural or other factors affecting power generation adversely.

LIQUIDITY INDICATORS

At the end of FY 20, on a standalone basis, the company's cash & cash equivalents of Rs. 46.56 Crs consists of Rs. 20.54 Crs in current account and Rs. 26.02 Crs in Fixed Deposits. The fixed deposit includes DSRA balance and other margin money deposited with the bank. During FY 21, on a standalone basis AMPL will have total debt servicing obligations of around Rs. 41 Cr (interest payment around Rs. 29 Cr and principal repayment of around Rs. 12 Cr); with standalone operating cash flow expected at around Rs. 53 Crs.

At the end of FY 20, on a consolidated basis, the company's cash & cash equivalents of Rs. 74.68 Crs consists of Rs. 30 Crs in current account and Rs. 44.74 Crs in Fixed Deposits. The fixed deposits consist of DSRA balance and other pledged amounts with the bank. During FY 21, on a consolidated basis AMPL is expected to have operating cash flow of around Rs. 228 Cr, as against total debt servicing obligations of around Rs. 186 Cr.

COMPANY'S/FIRM'S PROFILE

AMPL Cleantech Pvt. Ltd. (AMPL) was incorporated in 2006, is the renewable energy arm of Kolkata based Atha Group, has a total solar energy portfolio of 355 MW spread across India. AMPL on a standalone basis acquired 4 operational solar plants of total 55MW capacity in Madhya Pradesh and Telangana from its group company Narbheram Vishram under slump sale

agreement in March' 2018, other 300 MW of projects are under various subsidiaries and an associate.

KEY FINANCIAL INDICATORS (Standalone)

Key Financial Indicators	Units	FY 19	FY 20
Result Type		Audited	Audited
Operating Income	Rs. Cr	77.72	510.56
<i>Sale of Electricity</i>	<i>Rs. Cr</i>	<i>53.84</i>	<i>55.04</i>
<i>Supply of goods/services</i>	<i>Rs. Cr</i>	<i>23.76</i>	<i>455.52*</i>
OPBDIT	Rs. Cr	50.74	56.78
PAT	Rs. Cr	0.65	9.62
TNW	Rs. Cr	274.85	284.47
Total Debt/TNW	Times	1.65	2.97

**Supply of goods/services is for supply of solar modules to Tamil Nadu projects*

KEY FINANCIAL INDICATORS (Consolidated)

Key Financial Indicators	Units	FY 18	FY 19
Result Type		Audited	Audited
Operating Income	Rs. Cr	101.38	161.37
OPBDIT	Rs. Cr	40.13	122.37
PAT	Rs. Cr	(23.50)	(22.35)
TNW	Rs. Cr	245.37	223.01
Total Debt/TNW	Times	3.97	4.22

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY): NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspension]

Instrument / Facilities	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (Rs. Crs.)	Rating	2019	2018	2017
Fund Based						
Working Capital	Long Term	20.00	BWR BBB+ (Stable)	NA	NA	NA
Term Loan		280.00				
Total		300.00	Rupees Three Hundred Crores Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

<https://www.brickworkratings.com/download/Criteria-Infrastructure.pdf>

Analytical Contacts	
<p>Biswa Ranjan Das Primary Analyst +91 - 7479004034 biswaranjan.das@brickworkratings.com</p>	<p>Vipula Sharma [Director – Ratings] [Board: 080 - 40409940 Ext: 330] vipula.s@brickworkratings.com</p>

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)
1.	Yes Bank	Working Capital	20.00	Nil	20.00
2.	IREDA	Term Loan	280.00	Nil	280.00
Rupees Three Hundred Crores Only					300.00

ANNEXURE II

INSTRUMENT (NCD/Bonds) DETAILS

Instrument	Issue Date	Amount in Crs	Coupon Rate	Maturity Date	ISIN Particulars
NA	NA	NA	NA	NA	NA

ANNEXURE III

List of entities consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
NVR Infrastructure and Services Pvt Ltd	100	Full	Similar line of business
Celestial Solar Solutions Pvt Ltd	100	Full	Similar line of business
NVR Mahasolar Pvt Ltd	100	Full	Similar line of business
NVR Renew Pvt Ltd	100	Full	Similar line of business
KKDK Energy Infrastructure Pvt Ltd	100	Full	Similar line of business
RDA Energy Pvt Ltd	100	Full	Similar line of business
NVR Energy Pvt Ltd	100	Full	Similar line of business



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