

February 14, 2025

Amplus Energy Solutions Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Term loans	69.36	64.76	[ICRA]AA (Stable); reaffirmed
Long term – Non-fund based facilities	15.00	-	-
Total	84.36	64.76	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the rating for Amplus Energy Solutions Private Limited (AESPL) factors in the satisfactory operational performance of the solar assets in its portfolio (~78-MW capacity across 138 projects on a consolidated basis) with diversification benefits as the assets are located across different geographies. The rating is also backed by limited offtake risk due to the long-term power purchase agreements (PPAs) signed with commercial and industrial customers with strong financial profiles for a large proportion of the project capacity. The PPAs, along with the satisfactory track record of payments from the offtakers, mitigate the counterparty credit risks. While the weighted average PPA tariff for the portfolio is relatively high, the termination/buyout clause in such PPAs and the economics of such tariff against the grid tariff for the respective offtakers remain the mitigating factors.

The rating further takes comfort from the satisfactory generation track record of the operating assets since commissioning. Also, the weighted average operational track record of the assets is over five years. Nonetheless, the ability of the projects to demonstrate a generation performance in line or above the appraised estimate and timely payments from the counterparties shall remain the key rating monitorable.

The rating also factors in the benefits arising from the Amplus Group's technical experience and its strategic focus in developing and operating rooftop and ground-mounted solar PV projects for commercial and industrial segments. The rating also draws comfort from the company's adequate debt coverage metrics, stipulated cash sweep clause in case of any breach of the specified DSCR level and a DSRA of two quarters (principal and interest). Further, the rating also factors in the strengths arising from the strong parentage with Petrolim Nasional Berhad (PETRONAS; rated Moody's A2 Stable) that owns a 100% stake in the holding company of the Amplus Group -Amplus Energy Solutions Pte Ltd.

The rating, however, is constrained by the sensitivity of generation to solar irradiation levels, given that the revenues are linked to the actual units generated and exported in view of the single-part tariff structure of the PPA. Also, the ability of the Amplus Group to ensure proper O&M of the solar assets of the project, in line with the stipulated performance parameters in the O&M agreements, remains crucial for the company.

The company remains exposed to the regulatory risk pertaining to changes in open access charges for captive/onsite solar assets by the respective state electricity regulatory commissions (SERCs). The levy of these charges in future, while payable by the customer, will bring down the tariff competitiveness of the project and will be a key rating sensitivity. The attractive PPA tariff and the economics of such tariff vis-à-vis the grid tariff, the strong financial profile of the offtakers and the presence of termination/buyout clause in such PPAs act as the risk mitigants.

The Stable outlook on the [ICRA]AA rating reflects the revenue visibility provided by the operational status of the projects with long-term PPAs in place as well as the timely cash collections expected from the offtaker.

Key rating drivers and their description

Credit strengths

Strong parent support – AESPL is a part of the Amplus Group, which is backed by PETRONAS, post its acquisition of the Amplus Group from the erstwhile promoter—I Squared Capital—in April 2019. The rating factors in the benefits of a strong parentage by virtue of the 100% ownership by PETRONAS in the holding company of the Amplus Group, Amplus Energy Solutions Pte Limited. PETRONAS has segregated its new energy business from the earlier gas and new energy business and formed a separate vertical, named Gentari, which will focus on three core-areas - renewable energy, hydrogen and green mobility solutions. The Amplus Group is a strategically important business segment which aligns with PETRONAS' focus on renewable energy. Hence, ICRA expects PETRONAS to continue to provide financial support to the portfolio/SPV, if required.

Geographic diversification of projects – The projects under AESPL on a consolidated basis (138 projects with ~78-MW capacity) are spread across various states in the country, which leads to geographical diversification and reduces the asset concentration risk.

Low offtake risk due to presence of PPAs – PPAs are signed with commercial and industrial customers with strong financial profiles for a large proportion of the project capacity. The termination/buyout clause in most of the PPAs, the competitive tariff against the grid tariff rate and the highly diversified counterparties remain the mitigating factors. The payment from the counterparties has been satisfactory in the past, though it remains a key rating monitorable.

Entire capacity is operational – The entire capacity is operational with a weighted average operational track record of more than five years for the consolidated portfolio under AESPL.

Strong liquidity backed by upfront creation of DSRA – The liquidity is strong, backed by a DSRA of two quarters for debt servicing by the individual SPVs. Additionally, the long-term PPAs signed with assured offtake (in most PPAs) at remunerative tariffs are likely to keep the cash flow comfortable. The liquidity is further supported by the presence of PETRONAS, which is expected to provide financial support to the portfolio/SPV, if required.

Credit challenges

Vulnerability of cash flows to solar irradiation – The variability in solar irradiation may affect the generation, which may impact the revenues and the cash flow of the projects as the revenues are directly linked to the actual generation. The risk is mitigated to some extent by the geographically diversified asset base of the portfolio.

Moderate operational performance – The generation performance of the projects under AESPL on a consolidated basis has remained below the P-90 estimates, partly attributable to a large proportion of distributed rooftop capacities in the overall portfolio and lower generation in some assets due to site-specific issues. Nevertheless, the generation performance remains satisfactory and the coverage metrics are expected to be superior, aided by relatively low external leverage and the long tenure of the project debt.

Moderate tariff competitiveness and exposure to regulatory risk –The entire capacity has been contracted with commercial & industrial consumers where the grid tariff is one of the highest among all the user categories. The PPA tariffs, although not competitive, are bearable. The loss of revenue of the state distribution utilities exposes these projects to significant regulatory risks. However, majority of the capacity is onsite, wherein the PPA clause covers the pass-through of regulatory charges under change-in-law to a large extent and the ground-mounted open-access-based capacity constitutes only ~3.0% of AESPL's consolidated capacity.

Exposure to interest rate risk – The tariff for the projects is single part in nature and the projects remain exposed to interest rate risk as the interest rate is floating in nature.

Liquidity position: Strong

AESPL's liquidity is strong, aided by a DSRA of two quarters and a satisfactory payment track record of the counterparties. The entire capacity is commissioned and the revenues from the operational solar power projects are expected to adequately meet the debt servicing requirement and operational expenses. In addition to the DSRA of Rs. 18.46 crore (consolidated), the cash and liquid funds stood at Rs. 48.34 crore (consolidated) as on December 31, 2024. The liquidity is further supported by the presence of a strong parent, PETRONAS, which is expected to provide financial support to the company, if required.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the projects demonstrate a sustained improvement in generation, strengthening the debt coverage indicators. Timely payments from the counterparties will also support an upgrade. The ratings may also be revised upwards if the credit profile of the ultimate parent, PETRONAS, improves.

Negative factors – Pressure on the rating could arise if there is a deterioration in the operational performance of the company's projects, or if there are delays in payments from the counterparties. A weakening of linkage with ultimate parent PETRONAS and/or a deterioration in the latter's credit profile will affect the ratings. Also, a deterioration in the operational performance, causing the cumulative DSCR (for external debt) to fall below 1.25 times, will be a negative trigger. Also, any weakening of the liquidity profile or the debt coverage metrics of the pool would weigh on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar
Parent/Group support	Parent/Group Company: Amplus Energy Solutions Pte Ltd, which is owned by Gentari (a 100% subsidiary of PETRONAS); ICRA expects PETRONAS to be willing to extend financial support to the company ,if required, given the business linkages and the strategic importance of the company
Consolidation/Standalone	The rating is based on the consolidated financial statements of the rated entity

About the company

AESPL is a wholly-owned subsidiary of Amplus Energy Solutions Pte Ltd (Amplus Singapore), which has a portfolio of distributed renewable energy assets in Asia. In April 2019, Petroliaam Nasional Berhad (PETRONAS) acquired a 100% stake in Amplus Singapore from I Squared Capital.

AESPL, along with its subsidiaries, has a rooftop and ground-mounted solar portfolio of ~76 MW across 138 projects in various states across the country.

Key financial indicators (audited)

AESPL Consolidated	CY2022	CY2023
Operating income	45.1	44.4
PAT	-30.5	-14.3
OPBDIT/OI	80.8%	74.5%
PAT/OI	-67.7%	-32.3%
Total outside liabilities/Tangible net worth (times)	-14.3	-45.98
Total debt/OPBDIT (times)	9.3	9.26
Interest coverage (times)	1.0	0.91

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Feb-14-2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	64.76	[ICRA]AA (Stable)	Feb-13-24	[ICRA]AA (Stable)	Jan-06-23	[ICRA]AA- (Stable)	Feb-28-22	[ICRA]AA- (CE) (Stable)
Non-fund based facilities	-	-	-	Feb-13-24	[ICRA]AA (Stable)	Jan-06-23	[ICRA]AA- (Stable)	Feb-28-22	[ICRA]AA- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund-based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	Jan 2019	NA	Mar 2033	64.76	[ICRA]AA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis of AESPL

Company Name	AESPL Ownership	Consolidation Approach
Amplus Energy Solutions Private Limited	100.00% (rated entity)	Full Consolidation
Sunterrace Energy One Private Limited	74.00%	Full Consolidation
Ananth Solar Power Maharashtra Private Limited	100.00%	Full Consolidation
Amplus Jyotimangal Energy Private Limited	100.00%	Full Consolidation
Amplus Superior Solar Private Limited	100.00%	Full Consolidation
Amplus Sunshine Private Limited	65.00%	Full Consolidation
Fourvolt Solar Private Limited	60.00%	Full Consolidation
Wattvolt Energy Private Limited	100.00%	Full Consolidation
Sungaze Power Private Limited	65.00%	Full Consolidation
Wednesday Solar Private Limited	100.00%	Full Consolidation

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