May 20, 2022

Juniper Green Energy Private Limited: Long-term rating upgraded and short-term rating reaffirmed; outlook revised from Positive to Stable

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-fund Based Limits	150.0	150.0	[ICRA]A; upgraded from [ICRA]A-; outlook revised to Stable from Positive [ICRA]A2+ reaffirmed
Total	**150.0**	**150.0**	

**Instrument details are provided in Annexure-1*

Rationale

ICRA's rating action factors in the progress in the commissioning of the solar power projects by Juniper Green Energy Private Limited (JGEPL/Juniper Group). The overall portfolio increased to 410 MW as of March 2022 from 220 MW as of March 2021 with the commissioning of a 190-MW solar asset in Gujarat in March 2022. Further, the 150-MW under-construction asset in Maharashtra is in an advanced stage of construction with the required land, equipment and funding in place and the project is expected to be commissioned by June 1, 2022. With this, the overall operating portfolio of the Group would increase to 560 MW across Gujarat and Maharashtra. Further, the solar power projects of the Juniper Group are eligible for receiving carbon credits. The recent revival in the market for carbon credits is expected to aid the Group's profitability and cash flows in the near term.

The ratings continue to factor in the high revenue visibility for the company's assets, on a consolidated basis, given the long-term power purchase agreements (PPAs) for the entire capacity at competitive tariffs. It has tied up PPAs with Gujarat Urja Vikas Nigam Limited (GUVNL) for 310 MW and with Maharashtra State Electricity Distribution Company Limited (MSEDCL) for 250 MW. ICRA also favourably takes note of the safeguard duty (SGD) compensation order notified by the Maharashtra Electricity Regulatory Commission (MERC) for the reimbursement of safeguard duty for 100 MW of the company's solar capacity, which has been partly set up by JGEPL and partly under its subsidiary, Nisagra Renewable Energy Private Limited (NREPL). ICRA further draws comfort from the strong credit profile of the offtaker - GUVNL (rated [ICRA]AA- (Stable) / [ICRA]A1+) - and the timely payments from GUVNL and MSEDCL so far. The ratings also factor in the company's strong parent arm, AT Holdings Pte. Ltd. (ATH), Singapore, that has a previous track record in developing renewable projects and an experienced management team for the Indian operations. ATH had previously developed renewable energy capacity (~959 MW) under the Orange Renewable Group, which was subsequently sold to the Greenko Group in FY2019. The long-term PPAs and the long tenure of the project debt at competitive interest rates are expected to lead to comfortable debt coverage metrics for JGEPL at the consolidated level.

The ratings are, however, constrained by the vulnerability of the company's revenues and cash flows to the variation in solar power generation owing to the weather conditions and module performance. This is because the revenues are linked to the actual generation as the PPA tariff is single-part in nature. The ability of the recently commissioned and the under-construction projects to demonstrate a generation performance in line with the appraised estimates remains critical to achieve credit metrics commensurate with the rating level. While the 150-MW solar asset under construction is in advance stages, the timely commissioning and stabilisation of the asset remains important. The under-construction projects have witnessed cost escalation owing to the recent rise in module prices. Nonetheless, the company has secured the required debt and equity funding as per the latest cost estimate. ICRA notes that the company also remains exposed to the movement in interest rates, given the fixed tariffs under the PPAs and the leverage capital structure. The projects also remain exposed to the regulatory challenges arising from the implementation of the scheduling and forecasting framework, considering the variable nature of solar energy generation. However, the risk is less prominent for solar power project compared to wind power projects.

The Stable outlook assigned to the long-term rating of the company factors in the long-term PPAs with GUVNL and MSEDCL, timely payments by the offtakers and the experience of the management in operating solar power plants.

Key rating drivers and their description

Credit strengths

Experienced management team and past track record in renewable projects – The Juniper Group is promoted by ATH, which has a previous track record of operating a renewable energy portfolio in India. ATH had previously promoted a renewable energy portfolio under the Orange Group, wherein it had set up an operational capacity of 759 MW and under-construction capacity of 200 MW. This platform was subsequently sold to the Greenko Group in FY2019. ATH is present in over 10 countries with its portfolio comprising more than 50 companies. The total assets under management are close to $2.5 billion with investments in real estate, hospitality, renewable energy, construction, engineering, oil and gas, etc.

Revenue visibility because of long-term PPAs with MSEDCL and GUVNL – The Group has tied-up 25-year PPAs for its entire portfolio of solar power projects (560 MW) with GUVNL and MSEDCL at fixed tariff rates. The availability of PPAs limits demand and tariff risks and provides revenue visibility for JGEPL. Moreover, these PPAs include provisions to compensate developers in case of constraints in grid availability, transmission infrastructure and breakdowns, which is a positive for the power producer. Further, all the PPAs have clauses for termination penalties to the developer in case a discom defaults.

Moderate counterparty risk profile and superior tariff competitiveness – The counterparty credit risk profile is moderate, given the presence of a strong counterparty in the form of GUVNL (rated [ICRA]AA- (Stable) / [ICRA]A1+), which is being offset by the exposure to a relatively moderate counterparty like MSEDCL. The payments have been timely from both the offtakers so far. Also, the cost competitiveness of the tariffs offered by the Group remains high from the offtaker's perspective. This is expected to result in timely receipt of payments.

Debt coverage metrics to remain comfortable due to improving portfolio size – The Group's overall portfolio increased to 410 MW as of March 2022 from 220 MW as of March 2021, with the commissioning of a 190-MW solar asset in Gujarat in March 2022. Further, the 150-MW under-construction asset in Maharashtra is in an advance stage of construction having the required land, equipment and funding in place and the project is expected to commission by June 1, 2022. The company's consolidated leverage level is expected to remain high due to the largely debt-funded nature of these projects. However, the coverage metrics are expected to remain comfortable with a DSCR of 1.2-1.3 times, supported by a satisfactory operating performance, long debt tenure and competitive interest rates.

Credit challenges

Execution risks associated with the residual capacity under construction – While the company has the required land, evacuation approvals, equipment and funding in place for the 150-MW asset in Maharashtra, the commissioning and stabilisation of the project on time remains important from a credit perspective. Any delays in commissioning would impact the project's cash flow generation and debt coverage metrics. The 190-MW project commissioned recently, and the 150 MW under-construction asset have witnessed cost escalation owing to the rise in module prices. Nonetheless, the company has secured the required funding for these projects and benefited from the softening in interest rates.

Sensitivity of debt metrics to energy generation for JGEPL and its subsidiaries – The revenues and cash flows from the company's solar power projects remain sensitive to energy generation due to the single-part nature of the tariff in the PPA.

Any adverse variations in the solar irradiation level and weather conditions or module performance may impact energy generation and consequently the cash flows.

Limited track record of operations - The track record of the operational capacity remains limited with the 190-MW asset in Gujarat commissioned recently in March 2022 and the balance 220 MW having a weighted average track record of 20 months. The performance of the 220 -MW asset portfolio remains satisfactory so far with the generation remaining close to the P-90 estimate. The performance of the entire operating portfolio over a longer period remains important.

Exposure to interest rate risks and regulatory risks – JGEPL's debt coverage metrics remain exposed to interest rate variation, given the fixed tariff under the PPA and the high leverage level. Also, the company remains exposed to the regulatory risks associated with scheduling and forecasting.

Liquidity position: Adequate

The company's liquidity profile is adequate with cash flow from operations from the 30-MW asset on its standalone books sufficient to meet the asset's debt servicing obligations. The company has also tied up the required equity funding for the under-construction projects under its SPVs. Further, JGEPL has a US$ 14.2 million SBLC from ATH, which is used to fulfil the margin requirements of various non-fund limits in India. JGEPL has also availed an overdraft facility of Rs. 50 crore at the India level against the mentioned SBLC to tide itself over cash-flow mismatches, if any. The company had cash and liquid investments, including DSRA, of Rs. 65.85 crore at a standalone level and Rs. 330.84 crore at a consolidated level as on March 31, 2022.

Rating sensitivities

Positive factors – The factors for an upgrade would include a satisfactory generation performance by the solar power portfolio and timely receipt of payments from the customers, leading to healthy credit metrics. Specific credit metric for upgrade include the cumulative DSCR remaining above 1.30 times.

Negative factors – The ratings can be downgraded in case of long delays in payments by the offtakers, adversely impacting the liquidity profile of the operating assets. Under-performance in generation by the solar power projects, pulling down the cumulative DSCR on the project debt to less than 1.20 times, may also warrant a downgrade. Also, any major time/cost overruns in project execution or material increase in the leveraging on the books of the holding company to fund the project SPVs' requirements may trigger a downgrade.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Solar Power Producers Rating Methodology for Holding Companies
Parent/Group Support	-
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company; the subsidiaries that have been consolidated are mentioned in Annexure 2

About the company

JGEPL is promoted by Juniper Renewable Holding Pte Ltd. (JRHPL) for setting up renewable power projects in India. JRHPL is 75% owned by ATH, Singapore, which has an asset portfolio of ~US$ 2.5 billion, and the balance 25% is held by Vitol Energy, an energy and commodity trading company. ATH had previously set up renewable energy projects (759 MW operational and

200 MW under construction) under the Orange Group in India, which was subsequently sold to the Greenko Group in FY2019. JGEPL has a solar power portfolio of 560 MW, including 250 MW in Maharashtra and 310-MW capacity in Gujarat through its subsidiaries. The entire capacity has tied up long-term PPAs with the respective state utilities through the bidding route.

Key financial indicators (standalone) (audited)

JGEPL Standalone	FY2020	FY2021	9M FY2022^
Operating Income (Rs. crore)	1.7	21.4	16.2
PAT (Rs. crore)	0.9	21.6	4.3
OPBDIT/OI (%)	-100.1%	66.2%	71.8%
PAT/OI (%)	53.8%	100.8%	26.5%
Total Outside Liabilities/Tangible Net Worth (times)	0.48	0.41	0.16
Total Debt/OPBDIT (times)#	NM	8.24	7.70
Interest Coverage (times)#	NM	1.28	1.29

**PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation*
^provisional and unaudited
#NM – Not Meaningful; (Because OPBITDA is negative)

Key financial indicators (consolidated) (audited)

JGEPL (Consolidated)	FY2020	FY2021	9MFY2022^
Operating Income (Rs. crore)	9.5	99.6	109.2
PAT (Rs. crore)	-2.2	24.0	2.4
OPBDIT/OI (%)	32.3%	78.1%	84.6%
PAT/OI (%)	-23.1%	24.0%	2.2%
Total Outside Liabilities/Tangible Net Worth (times)	1.46	2.99	2.24
Total Debt/OPBDIT (times)	129.80	9.93	7.05
Interest Coverage (times)	0.57	1.80	1.44

**PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation*
^provisional and unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

<table>
<tr><th rowspan="3"></th><th rowspan="3">Instrument</th><th colspan="2"></th><th colspan="3">Current Rating (FY2023)</th><th colspan="3">Chronology of Rating History for the past 3 years</th></tr>
<tr><th rowspan="2">Type</th><th rowspan="2">Amount Rated (Rs. crore)</th><th rowspan="2">Amount Outstanding as on March 31, 2021 (Rs. crore)</th><th>Date & Rating on</th><th>Date & Rating in FY2022</th><th>Date & Rating in FY2021</th><th>Date & Rating in FY2020</th></tr>
<tr><th>May 20, 2022</th><th>August 17, 2021</th><th>January 1, 2021</th><th>December 27, 2019</th></tr>
<tr><td>1</td><td>Non-Fund based limits</td><td>Long term/ Short term</td><td>150.0</td><td>-</td><td>[ICRA]A (Stable)/ [ICRA]A2+</td><td>[ICRA]A- (Positive)/[ICRA]A2+</td><td>[ICRA]BBB+(Positive) /[ICRA]A2</td><td>[ICRA]BBB(Stable) /[ICRA]A3+</td></tr>
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Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-fund-based limits	Very 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, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Non-fund Based Limits	-	-	-	150.0	[ICRA]A (Stable)/[ICRA]A2+

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis –

Company Name	JGEPL Ownership	Consolidation Approach
Juniper Green Energy Pvt. Ltd.	100.00% (rated entity)	Full Consolidation
Nisagra Renewable Energy Pvt. Ltd.	100%	Full Consolidation
Juniper Green Sigma Pvt. Ltd.	100%	Full Consolidation
Juniper Green Three Pvt. Ltd.	100%	Full Consolidation
Juniper Green Field Pvt. Ltd.	100%	Full Consolidation

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About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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