

October 19, 2022

Swelect Energy Systems Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund-based / Cash Credit	78.00	78.00	[ICRA]BBB+ (Stable); withdrawn
Long Term – Fund-based Term Loan	64.39	64.39	[ICRA]BBB+ (Stable); withdrawn
Short Term – Non-fund based	35.00	35.00	[ICRA]A2; withdrawn
Short Term – Sub Limit Facilities**	(68.00)	(68.00)	[ICRA]A2; withdrawn
Long Term / Short Term – Sub Limit Facilities***	(35.00)	(35.00)	[ICRA]BBB+ (Stable)/[ICRA]A2; withdrawn
Long Term / Short Term - Unallocated	24.01	24.01	[ICRA]BBB+ (Stable)/[ICRA]A2; withdrawn
Total	201.40	201.40	

*Instrument details are provided in Annexure I

Sublimit of Rs. 68 crore long-term fund-based facilities; *Sublimit of Rs. 35-crore non-fund-based facilities

Rationale

The ratings assigned to Swelect Energy Systems Limited (SESL) has been withdrawn at the request of the company and based on the no-objection certificates/no-due certificates received from the lenders, and in accordance with ICRA's policy on withdrawal and suspension. ICRA is withdrawing the rating and it does not have information to suggest that the credit risk of the company has changed since the time the rating was last reviewed. The key rating drivers, liquidity position, rating sensitivities, key financial indicators have not been captured as the rated instruments are being withdrawn.

The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Solar Power Producers Consolidation and Rating Approach ICRA Policy on Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/standalone	The ratings are based on the consolidated financial statements of Swelect Energy Systems Limited and its subsidiaries as mentioned in Annexure-II.

About the company

Swelect Energy Systems Limited is a solar power systems company with presence in solar PV module manufacturing, EPC services for solar power plants and solar power generation. The subsidiaries of SESL have been incorporated to develop and operate certain solar power plants of the Group. The other subsidiaries are involved in the manufacturing and trading of iron, steel and investment casting products that cater to both export and domestic customers.

In the module manufacturing segment, SESL is a mid-sized solar panel manufacturer with a capacity of 110 MW per annum. The operations of this plant have been suspended in June 2022 and would be replaced by a 500-MW-per-annum facility which is under development. The Group has an installed capacity of ~89 MW of solar power assets that supply power to various counterparties such as Solar Energy Corporation of India (SECI), TANGEDCO, Chamundeshwari Electricity Supply Corporation (CESC), Airports Authority of India (AAI), Hatsun Agro, among others. The company's managing director Mr. R. Chellappan has more than 35 years of experience in the electrical/electronics industry.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as on Sep 30, 2022 (Rs. crore)	Date & rating	Date & rating in FY2022		Date & rating in FY2021	Date & rating in FY2020
				Oct 19, 2022	Dec 24, 2021	Apr 19, 2021	Apr 30, 2020	-
1 Fund Based/CC	Long Term	78.00	-	[ICRA]BBB+ (Stable); withdrawn	[ICRA]BBB+ (Stable)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	-
2 Fund Based TL	Long Term	64.39	NA	[ICRA]BBB+ (Stable); withdrawn	[ICRA]BBB+ (Stable)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	-
3 Non-Fund Based	Short Term	35.00	-	[ICRA]A2; withdrawn	[ICRA]A2	[ICRA]A2+	[ICRA]A2+	-
4 Sub Limit Facilities*	Short Term	(68.00)	-	[ICRA]A2; withdrawn	[ICRA]A2	[ICRA]A2+	[ICRA]A2+	-
5 Sub Limit Facilities**	Long/Short Term	(35.00)	-	[ICRA]BBB+ (Stable) / [ICRA]A2; withdrawn	[ICRA]BBB+ (Stable) / [ICRA]A2	[ICRA]A- (Negative) / [ICRA]A2+	[ICRA]A- (Negative) / [ICRA]A2+	-
6 Unallocated	Long/Short Term	24.01	-	[ICRA]BBB+ (Stable) / [ICRA]A2; withdrawn	[ICRA]BBB+ (Stable) / [ICRA]A2	[ICRA]A- (Negative) / [ICRA]A2+	[ICRA]A- (Negative) / [ICRA]A2+	-

NA – Not Available

*Sublimit of Rs. 68 crore long-term fund-based facilities

**Sublimit of Rs. 35 crore non-fund-based facilities

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund based / Cash Credit	Simple
Term Loan	Simple
Non-fund based	Very Simple
Sub Limit Facilities	Very Simple
Unallocated	NA

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: www.icra.in

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term Fund Based / CC	-	-	-	78.00	[ICRA]BBB+ (Stable); withdrawn
NA	Long Term Fund Based TL	Sep 2019	-	Sep 2029	64.39	[ICRA]BBB+ (Stable); withdrawn
NA	Short Term – Non-Fund Based	-	-	-	35.00	[ICRA]A2; withdrawn
NA	Short Term – Sub Limit Facilities*	-	-	-	(68.00)	[ICRA]A2; withdrawn
NA	Long Term / Short Term – Sub Limit Facilities**	-	-	-	(35.00)	[ICRA]BBB+ (Stable) / [ICRA]A2; withdrawn
NA	Unallocated	-	-	-	24.01	[ICRA]BBB+ (Stable) / [ICRA]A2; withdrawn

Source: Company

*Sublimit of Rs. 68 crore long-term fund-based facilities

**Sublimit of Rs. 35 crore non-fund-based facilities

Annexure II: List of entities considered for consolidated analysis

Company Name	SESL Ownership	Consolidation Approach
SWELECT Energy Systems Pte. Limited, Singapore	100.00%	Full Consolidation
SWELECT Inc., USA	100.00%	Full Consolidation
Amex Alloys Private Limited	100.00%	Full Consolidation
SWELECT Solar Energy Private Limited	100.00%	Full Consolidation
SWELECT Green Energy Solutions Private Limited	100.00%	Full Consolidation
SWELECT Power Systems Private Limited	100.00%	Full Consolidation
Noel Media & Advertising Private Limited	100.00%	Full Consolidation
K J Solar Systems Private Limited*	100.00%	Full Consolidation
SWELECT Sun Energy Private Limited	73.99%	Full Consolidation
SWEES Employees' Welfare Trust	**	Full Consolidation
SWELECT Renewable Energy Private Limited	100.00%	Full Consolidation
SWELECT HHV Solar Photovoltaics Private Limited	100.00%	Full Consolidation

*100% subsidiary of SWELECT Solar Energy Private Limited

**No shareholding; the entity is a trust in which the company has control

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