February 09, 2023

Tasoula Energy Private Limited: [ICRA]A- (Stable) assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Term loans	235.00	[ICRA]A- (Stable); assigned
Total	**235.00**	

**Instrument details are provided in Annexure-I*

Rationale

The assigned rating factors in the strong parentage of Tasoula Energy Private Limited (TEPL), as it is a part of the Vibrant Energy Group, which is a part of Macquarie's Green Investment Group (GIG) with an established track record at the global level in the renewable energy sector. The rating also factors in the revenue visibility supported by the long-term PPA with a reputed counterparty, under the group captive structure. Further, the rating derives comfort from the satisfactory anticipated debt coverage metrics, driven by the adequate returns from the project.

The rating is, however, constrained by the project's limited track record of operations, as it commenced operations from April 2022. Also, given the single-part nature of the fixed tariff under the PPA, the debt metrics of the project remain sensitive to energy generation, which is dependent on weather conditions and seasonality. Further, the project cash flows are susceptible to any adverse movements in the interest rates. ICRA also notes that TEPL is exposed to regulatory risks associated with the scheduling and forecasting norms for solar projects and changes in the group captive norms.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that the project's cash flows will be supported by the presence of the long-term PPA and timely receipt of payments from the customer.

Key rating drivers and their description

Credit strengths

Strong parentage - The 45-MW (AC) solar power project under TEPL is a part of the Vibrant Energy Group, which is a part of Macquarie's Green Investment Group (GIG), through Blue Leaf Energy (wholly-owned by Macquarie). Macquarie's GIG has 85+ GW portfolio under development across 25+ markets globally. At present, the Vibrant Energy Group has ~100 MW (AC) capacity of operational assets under management (AUM), along with a large portfolio of under-construction assets, spread across nine states in India. The Group develops open-access renewable energy solutions (wind and solar) dedicated to corporate customers.

Low offtake and price risks, owing to long-term PPA with group-captive customer - TEPL has signed a 20-year power purchase agreement (PPA) under the group captive structure with Sify Infinit Spaces Ltd. ***rated [ICRA]A+ (Stable)***, which is a reputed player in the data-centre sector. Given the healthy credit risk profile of the off-taker, the counterparty risk remains low. The PPA has been signed for the entire capacity at a competitive tariff, which is at a discount to the grid tariff, thereby also mitigating the offtake and price risks.

Satisfactory anticipated debt coverage metrics - The debt coverage metrics of the project are expected to remain satisfactory, with an estimated cumulative DSCR of 1.15-1.20 times over the debt tenure. Notwithstanding this, the capital structure will remain leveraged in the near term owing to the debt-funded nature of the project.

Credit challenges

Limited track record of operations - The solar power plant under TEPL has a limited track record as it commenced operations from April 2022 onwards. Notwithstanding this, the plant's performance has remained satisfactory, indicated by plant availability of 99.62% and grid availability 98.94% in 6M FY2023. The PLF was 15.34% in 6M FY2023 against the P-90 level of 17.38% for the DC capacity.

Single-asset operations; sensitivity of debt metrics to energy generation - The debt metrics for solar power projects remain sensitive to the PLF level, given the one-part tariff structure under the PPA. Hence, any adverse variations in weather conditions and/or module performance may impact the PLF and consequently the cash flows. The geographic concentration of the asset amplifies the generation risk. TEPL's ability to achieve and maintain the appraised P-90 estimate remains a key factor from the credit perspective.

Exposure to interest rate risk - The capital structure of the company is leveraged, reflected in the debt-funded capex deployed for setting up the project. Therefore, the debt coverage metrics of the company remain exposed to interest rate movements, given the fixed tariff under the PPA.

Regulatory risk associated with implementation of scheduling and forecasting framework - TEPL's operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements applicable for renewable energy projects, given the variable nature of solar power generation. Also, the company's operations are exposed to the risk pertaining to any changes in group captive norms.

Liquidity position: Adequate

The liquidity position of TEPL is expected to remain adequate. The projected cash flows are likely to be sufficient to meet the debt servicing requirement with power generation expected to remain around the P90 levels and the condition to maintain DSRA equivalent to two quarters' interest and principal obligations. The company had maintained a DSRA balance of Rs. 9.22 crore as of November 2022 and is expected to fulfil the remaining DSRA requirement within the next six months.

Rating sensitivities

Positive factors - ICRA could upgrade TEPL's rating if the credit profile of the parent Vibrant Energy Holdings Pte. Limited (VEHPL) improves. A consistent power generation in line with the P90 levels and timely collections from the off-taker will also support an upgrade.

Negative factors - Pressure on TEPL's rating could arise, if the actual PLF remains low on a sustained basis, and/or the company is unable to maintain a cumulative DSCR of 1.15 times on a sustained basis. The rating could also be revised downwards if the credit profile of its parent i.e., Vibrant Energy Holdings Pte. Limited (VEHPL), weakens.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Solar Power Producers Rating Approach - Implicit Parent or Group support
Parent/Group support	Implicit support from TEPL's parent company, Vibrant Energy Holdings Pte. Ltd.
Consolidation/Standalone	Standalone

About the company

Tasoula Energy Private Limited (TEPL), incorporated in 2020, is a special purpose vehicle (SPV) promoted by the Vibrant Energy Group. It is 61.12% held by Vibrant Energy Holdings Pte. Ltd., Singapore, 0.01% by VEH Global India Pvt. Ltd. and the rest by the C&I customer (38.87%) under the group captive model. VEH Global India Pvt Ltd is 99.9% held by Vibrant Energy Holdings Pte. Ltd., Singapore.

Vibrant Energy Holdings Pte. Ltd., Singapore, is in turn a wholly-owned subsidiary of Aragorn Holding Company Two Pte. Ltd. (Singapore), which is held 78.14% by Blue Leaf Energy Asia Pte. Ltd. (Singapore) and 21.86% by Aragorn Holding Company Pte. Ltd. (Singapore). Blue Leaf Energy Asia Pte. Ltd. (BLE) (Singapore) is entirely held by Macquarie Corporate Holdings Pty. Ltd. (MCHPL) (Australia), while Aragorn Holding Company Pte. Ltd. (Singapore) is entirely held by Vibrant Energy Ltd. (Cayman Islands), which is eventually held by ATN International Inc (Delaware, 1989) through various step-down subsidiaries.

TEPL has developed a 45-MW (AC)/66.6-MW (DC) solar power project at Jalakheda, Nagpur, in Maharashtra. The plant commissioned operations in April 2022. The company has signed a long-term PPA (20 years) with Sify Infinit Spaces Ltd., at a competitive tariff rate under the group captive structure.

Key financial indicators (audited) - Not applicable as the company's operations at full capacity commenced from this fiscal onwards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2023)				Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as on Dec 31, 2022 (Rs. crore)	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020
					Feb 09, 2023	-	-	-
1	**Term loans**	Long term	235.00	195.00	**[ICRA]A- (Stable)**	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
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 loan**	FY2023	~9.15%-10.15%	FY2041	235.00	**[ICRA]A- (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 – Not applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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