

March 31, 2024

## Juniper Green Gamma One Private Limited: [ICRA]A- (Stable) assigned

### Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Term loan	315.75	[ICRA]A- (Stable); assigned
<b>Total</b>	<b>315.75</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating for Juniper Green Gamma One Private Limited (JGGOPL) factors in its strong parent – Juniper Green Energy Private Limited (JGEPL; rated ICRA]A+ (Stable)/[ICRA]A1} - which has an established track record in the renewable energy sector along with JGGOPL's experienced management team. The availability of long-term PPAs at competitive tariffs, the satisfactory generation performance of the assets under JGEPL and the availability of long-term project finance at competitive interest rates have resulted in a strong credit profile for the promoter company. JGEPL has an operational renewable portfolio of 635 MW and is developing additional capacity of 292 MW across Gujarat and Maharashtra.

The rating also factors in the limited demand and tariff risks for JGGOPL because of its 25-year long-term power purchase agreement (PPA) for its 75-MW (AC) solar power capacity with Maharashtra State Electricity Distribution Company Limited (MSEDCL) at a fixed tariff of Rs. 2.90 per unit, providing visibility on revenues. The tariff rate offered by the company is at a significant discount to the state grid tariff rates, thus resulting in savings to the customers.

The company has secured project debt at a competitive cost with a long tenure of 21 years, which is expected to lead to adequate debt coverage metrics over the tenure of the debt. Post commissioning, the company's cash flows and debt protection metrics would remain sensitive to its generation performance, given the single-part tariff under the PPA. This constraint would be amplified by the geographic concentration of the asset. Any adverse variation in weather conditions and equipment performance can impact the generation levels and consequently the cash flows. The lender can exercise the option to call back the loan at the end of 10 years which will expose the company to refinancing risk. The demonstration of generation performance in line or above the appraised P-90 PLF levels remains a key credit monitorable.

Also, the rating remains constrained by the counterparty credit risk arising from the exposure to a single buyer, namely MSEDCL. The financial profile of MSEDCL is constrained by its low profitability, high receivable position and modest debt coverage metrics. ICRA notes the track record of timely payments by MSEDCL for the operational projects of JGEPL as well as the payment discipline showcased by the state utilities, post the implementation of the Late Payment Scheme, 2022. Further, the company is also exposed to interest rate risks, given the leveraged capital structure and floating interest rate, subject to regular resets.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that JGGOPL would benefit from the presence of long-term PPA with MSEDCL, the track record of the group in developing and operating solar power projects and the experience of the management in operating solar power plants.

### Key rating drivers and their description

#### Credit strengths

**Presence of long-term PPA** - JGGOPL has signed a long-term PPA with MSEDCL for the entire project capacity of 75 MW at a fixed tariff of Rs. 2.90 per unit for a tenure of 25 years, thus limiting the demand and tariff risks. The tariff remains competitive for the offtaker, namely MSEDCL, in comparison to its average power procurement cost.

**Project expected to achieve healthy debt coverage metrics** – The company’s debt coverage metrics are expected to remain healthy with the cumulative DSCR over the debt tenure at 1.2 times, supported by the long-term PPA at a reasonable tariff, the long tenure of the project debt and highly competitive interest rates. Also, the liquidity profile is expected to be supported by timely payments from MSEDCL and the provision for a peak two-quarter debt service reserve.

**Experienced management team and past track record in renewable projects** - JGGOPL is a subsidiary of JGEPL, which is promoted by ATH. The sponsor has a track record of developing and operating renewable power projects in India. ATH had earlier promoted the renewable energy portfolio of close to 1 GW under the Orange Group. This platform was subsequently sold to the Greenko Group in FY2019. ATH has assets under management of around \$2.5 billion. At present, JGEPL has an operating renewable portfolio of 635 MW and assets under construction of 292 MW and another 1,215 MW are in the pipeline (PPAs yet to be signed).

### Credit challenges

**Sensitivity of debt metrics to energy generation** – The debt coverage metrics of the company remain exposed to the generation level because of the one-part structure under the PPA. Hence, any adverse variation 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. The demonstration of performance remains to be seen, given the limited track record of operations.

**Counterparty credit risk due to exposure to MSEDCL** - The company remains exposed to counterparty credit risks due to its exposure to a single buyer, namely MSEDCL. The financial profile of MSEDCL is constrained by its low profitability, high receivable position and modest debt coverage metrics. ICRA notes the track record of timely payments by MSEDCL for the operational projects of JGEPL as well as the payment discipline showcased by the state utilities after the implementation of the Late Payment Scheme, 2022.

**Interest rate risk** – The company’s leveraged capital structure and fixed tariff under the PPA exposes its debt coverage metrics to interest rate movement. Further, as per the terms of the term loan facility, there is a call option available to the lender post the completion of the 10<sup>th</sup> year from the date of first repayment, exposing the company to refinancing risk. Nonetheless, the availability of an adequate tail period in the PPA is expected to mitigate this risk.

### Liquidity position: Adequate

JGGOPL’s liquidity position is expected to be adequate with sufficient buffer between the cash flow from operations and debt service obligations. The debt repayment is scheduled to commence in June 2025, giving the project adequate time to stabilise before the repayment starts. The company is expected to generate cash flow from operations of Rs. 15.5 crore in FY2026 against a debt repayment of Rs. 10.74 crore. Further, the company has a provision for a peak-two quarter DSRA. A one-quarter peak DSRA is to be created on CoD from sponsor funds, while the balance DSRA is to be perfected within 12 months from CoD. The company has already created the first-quarter DSRA in the form of a bank guarantee.

### Rating sensitivities

**Positive factors** – ICRA could upgrade JGGOPL’s rating if its generation performance is better than the P-90 estimate on a sustained basis and the payments from the offtaker are timely. Also, the rating would remain sensitive to the credit profile of its parent, JGEPL.

**Negative factors** – Pressure on JGGOPL’s rating could arise if the generation performance is below the P-90 estimate, which will weaken the cumulative DSCR on the project debt to less than 1.15 times on a sustained basis. Also, delays in realisation of payments from the offtaker adversely impacting JGGOPL’s liquidity profile would be a negative trigger. Further, the rating would remain sensitive to the credit profile of its parent, JGEPL.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Power - Solar</a>
Parent/Group support	Parent Company: Juniper Green Energy Private Limited. The rating assigned to JGGOPL factors in the implicit support available from JGEPL, if required
Consolidation/Standalone	Standalone

## About the company

Juniper Green Gamma One Private Limited (JGGOPL) is a wholly-owned subsidiary of Juniper Green Energy Private Limited (JGEPL). JGGOPL has set up a 75 MW(AC)/105 MW (DC) project at Nanded district in Maharashtra and the project was commissioned on March 14, 2024. The company has signed a PPA for a tenure of 25 years with the state utility - MSEDCL for the entire capacity at a fixed tariff of Rs. 2.90 per unit.

## Key financial indicators (audited)

	FY2023
Operating income	-
PAT	-0.0
OPBDIT/OI	-
PAT/OI	-
Total outside liabilities/Tangible net worth (times)	-14.5
Total debt/OPBDIT (times)	-4.8
Interest coverage (times)	-

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	Type	Amount rated (Rs. crore)	Current rating (FY2024)		Chronology of rating history for the past 3 years			
			Amount outstanding as on Mar 07, 2024 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	
1	Term loans	315.75	292.80	Mar 31, 2024 [ICRA]A-(Stable)	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term -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	September 2023	NA	FY2044	315.75	[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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