March 31, 2024

Juniper Green Energy Private Limited: Ratings upgraded to [ICRA]A+ (Stable)/[ICRA]A1 and assigned for enhanced amount; outlook revised to Stable from Positive

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/Short-term - Non-fund-based limits	150.00	400.00	[ICRA]A+ (Stable)/ [ICRA]A1; upgraded from [ICRA]A (Positive)/[ICRA]A2+ & outlook revised to Stable from Positive; rating assigned for enhanced amount
Long-term/ Short-term - Unallocated	0.00	100.00	[ICRA]A+ (Stable)/ [ICRA]A1; assigned
Total	**150.00**	**500.00**	

**Instrument details are provided in Annexure-I*

Rationale

ICRA's rating action for Juniper Green Energy Private Limited (JGEPL) factors in the commissioning of its 75-MW solar power project in March 2024 that ramped up the overall operational portfolio to 635 MW (AC), along with a satisfactory generation performance so far and comfortable debt coverage metrics. The company has an under-construction project capacity of 292.2 MW and another 1,215 MW of projects are in the pipeline. While this accentuates the risks associated with the execution of these projects, ICRA takes comfort from the company's track record of timely execution (most recent project was commissioned seven months ahead of schedule) as well as the sizeable equity commitment of $350 million in place from the sponsors - AT Holdings and Vitol Energy - which is adequate to fund the project pipeline of the company (Rs. 907.94 crore of equity infused in FY2024).

The estimated capital expenditure for the 292.2-MW capacity under construction is Rs. ~2,141 crore and is expected to be funded through debt and equity in the 75:25 ratio. The capital cost and funding pattern is expected to be finalised for the pipeline capacity, post the signing of the power purchase agreements (PPAs). The ability of the Group to commission the under-development projects within the budgeted time and cost remains a key monitorable.

The ratings continue to factor in the high revenue visibility for the company's assets, on a consolidated basis, given the long-term PPAs for the entire operational capacity and the under-construction capacity at competitive tariffs. The Group has tied up PPAs with Gujarat Urja Vikas Nigam Limited (GUVNL) for 502.2 MW and with Maharashtra State Electricity Distribution Company Limited (MSEDCL) for 325 MW, while PPAs for 1,215 MW are yet to be tied up. The commissioning of these projects, expected to be completed by 2027, shall help the company achieve a cumulative capacity of 2.14 GW by the end of FY2027.

ICRA also favourably takes note of the highly competitive tariffs offered under the PPAs in relation to the average power purchase cost for the customers. For the capacity under the long-term PPAs, the tariff ranges from Rs. 2.63-3.15 per unit and is extremely competitive and in line with the prevailing bid tariffs. Notably, all the solar power projects of the Juniper Group are registered for receiving carbon credits, which can potentially aid the Group's profitability and cash flows.

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 experienced parent arm, AT Holdings Pte. Ltd. (ATH), Singapore, that has a track record of 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-development projects to demonstrate a generation performance in line with the appraised estimates remains critical to achieve credit metrics commensurate with the rating level.

ICRA notes that the company also remains exposed to the movement in interest rates, given the fixed tariffs under the PPAs and the leveraged capital structure. Further, the projects remain exposed to the regulatory challenges of implementing the scheduling and forecasting framework, considering the variable nature of solar and wind energy generation.

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

Key rating drivers and their description

Credit strengths

Revenue visibility because of long-term PPAs with MSEDCL and GUVNL – The Group has tied up 25-year PPAs for 827.2-MW capacity of the total portfolio of 927.2 MW with GUVNL and MSEDCL at fixed tariff rates. The power from the balance 100-MW solar project will be sold at the exchange on the basis of the prevailing short-term tariffs. The availability of PPAs for 89% of the capacity 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.

Superior tariff competitiveness; presence of GUVNL as offtaker for majority of the portfolio – 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+) for majority of the portfolio, 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 offtakers' perspective. This is expected to result in timely receipt of payments.

Debt coverage metrics expected to remain comfortable – The Group's operational portfolio increased to 635 MW as of March 2024 from 560 MW as of May 2023, with the commissioning of a 75-MW solar asset in Maharashtra. 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.

Experienced management team with past track record in renewable energy sector – 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, etc. Further, the sponsors - AT Holdings and Vitol Energy - have made an equity commitment of $350 million, which is adequate to fund the project pipeline of the company

Credit challenges

Execution risks associated with the capacity under development – The Group has four under-development projects, aggregating to a capacity of 292.2 MW (192.2-MW wind and 100-MW solar capacity). The projects are to be funded in a debt-equity ratio of 75:25, wherein the equity will be funded by the shareholders, while a part of it could be funded through surplus cash flows from the operating projects. Further, the company has won eight new projects, which include two wind projects of 140-MW capacity in Gujarat (50 MW and 90 MW) as well as hybrid and RTC projects of 1,075 MW capacity in Maharashtra, Gujarat and Rajasthan. The execution of these projects will be taken up after the signing of PPAs. This exposes the company to significant execution and funding risks. Nonetheless, comfort can be drawn from the track record of the Group in developing renewable energy projects and the equity commitment from the sponsors.

Sensitivity of debt metrics to energy generation by JGEPL and its subsidiaries – The revenues and cash flows from the company's power projects remain sensitive to energy generation due to the single-part tariff in the PPA. Any adverse variation in the solar irradiation level, wind speed or equipment performance may impact energy generation and consequently the cash flows. While the performance of the 220-MW portfolio remains satisfactory, the 340-MW assets commissioned in 2022 are yet to demonstrate generation in line with the P-90 appraised estimate. The demonstration of generation performance in line or above the P-90 appraised estimate by the portfolio assets on a sustained basis 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. Further, JGEPL has a $20-million SBLC from ATH/JRHPL, which is used to fulfil the margin requirements of various non-fund limits in India. JGEPL has a sanctioned overdraft facility of Rs. 50 crore as contingency at the India level against the mentioned SBLC to tide itself over cash flow mismatches, if any. Further, the company has a Rs. 635.00-crore bank guarantee (BG) facility from IndusInd Bank and a Rs. 100-crore BG facility from DBS Bank. The company had cash and liquid investments, including DSRA, of Rs. 333.7 crore at a standalone level.

Rating sensitivities

Positive factors – The factors for an upgrade would include timely progress in completing the ongoing projects within the budgeted costs, along with the demonstration of generation performance by the operational portfolio in line or above the appraised estimate on a sustained basis, leading to healthy credit metrics.

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. Also, under-performance in generation by the company's renewable power projects, pulling down the cumulative DSCR on the project debt to less than 1.25 times, could warrant a downgrade. Further, any major time/cost overruns for the projects under 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 Power - Solar Rating Methodology for Power - Wind
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company; the subsidiaries that have been consolidated are mentioned in Annexure II

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, 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 an operational solar power portfolio of 635 MW, including 325 MW in Maharashtra and 310 MW in Gujarat through its subsidiaries, and four projects under construction, aggregating a capacity of 292.2 MW (192.2-MW wind capacity and 100-MW solar capacity). Further, the company has won eight new projects which include two wind projects of 140-MW capacity in Gujarat (50 MW and 90 MW) as well as hybrid and RTC projects of 1,075 MW in Maharashtra, Gujarat and Rajasthan which are under development. The Group has tied up 827.2-MW capacity with the respective state utilities so far through the bidding route.

Key financial indicators (audited)

JGEPL Standalone (Audited)	FY2022	FY2023
Operating income (Rs. crore)	24.5	24.6
PAT (Rs. crore)	9.1	1.4
OPBDIT/OI (%)	72.3%	52.9%
PAT/OI (%)	36.9%	5.7%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDIT (times)	6.6	8.7
Interest coverage (times)	1.5	1.1

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

JGEPL Consolidated (Audited)	FY2022	FY2023
Operating income (Rs. crore)	170.5	331.3
PAT (Rs. crore)	27.2	-12.1
OPBDIT/OI (%)	85.8%	80.6%
PAT/OI (%)	16.0%	-3.6%
Total outside liabilities/Tangible net worth (times)	2.9	3.1
Total debt/OPBDIT (times)	12.3	8.7
Interest coverage (times)	1.7	1.4

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 rating (FY2024)					Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as on Dec 31, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
					Mar 31, 2024	Jun 21, 2023	May 20, 2022	Aug 17, 2021	Jan 1, 2021
1	**Non-fund based limits**	Long Term/ Short Term	400.00	-	**[ICRA]A+ (Stable)/ [ICRA]A1**	**[ICRA]A (Positive)/ [ICRA]A2+**	**[ICRA]A (Stable) / [ICRA]A2+**	**[ICRA]A- (Positive) / [ICRA]A2+**	**[ICRA]BBB+ (Positive)/ [ICRA]A2**
2	**Unallocated**	Long Term/ Short Term	100.00	-	**[ICRA]A+ (Stable)/ [ICRA]A1**	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-fund-based limits	Very Simple
Long-term/Short-term - Unallocated	Not applicable

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	Non-fund-based limits	-	-	-	400.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Unallocated	NA	NA	NA	100.00	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: 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
Juniper Green Beam Pvt. Ltd.	100%	Full Consolidation
Juniper Green Gamma One Pvt. Ltd.	100%	Full Consolidation
Juniper Green Kite Pvt. Ltd.	100%	Full Consolidation
Juniper Green Cosmic 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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