

December 17, 2024

VEH Srishti Energy Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Term loan	340.00	333.54	[ICRA]A- (Stable); reaffirmed
Total	340.00	333.54	

*Instrument details are provided in Annexure-I

Rationale

The rating action for VEH Srishti Energy Private Limited (VSEPL) factors in the change in the rating approach to a consolidated view (with implicit support from the parent company, Vibrant Energy Holdings Pte. Ltd.; VEHPL) for the two special purpose vehicles {VSEPL and Tasoula Energy Private Limited (TEPL)} under the intercompany agreement. Earlier, ICRA had done a standalone credit profile assessment of the entity with rating upliftment based on implicit support from VEHPL. There is an agreement among the two SPVs with a cash pooling structure which has a pre-defined mechanism for the sharing of surplus cash flow prior to the due date of debt servicing among the SPVs, enabling ICRA to take a consolidated rating approach for the SPVs.

The rating factors in the strong parentage of the SPVs, as they are part of the Vibrant Energy Group, which in turn belongs to Macquarie Corporate Holdings Pty Ltd. Macquarie has an established track record in renewable energy at the global level. The rating also factors in the revenue visibility for the cash pooling portfolio, supported by the long-term power purchase agreements (PPA) with a reputed counterparty, under the group captive structure.

The pool's generation performance remained satisfactory in FY2024, largely in line with the P-90 PLF levels, with the plant and grid availability being healthy in the fiscal. ICRA notes that the open access charges for TEPL have been higher than estimated, which has resulted in low returns from the solar power project, moderating its coverage indicators. TEPL has signed the PPA on a gross tariff basis with a cap of Rs. 1.45 per unit for bearing the open access charges, while VSEPL has signed the PPA on a net tariff basis. Owing to the impact on TEPL's debt metrics, the management is in the process of reducing its debt by Rs. 30.00 crore through prepayment. Also, a top-up loan in VSEPL (wind asset) is being availed whose coverage indicators and generation level remain healthy. However, this would not have a material impact on the consolidated/pool's coverage metrics.

The rating, however, is constrained by the single-part nature of the fixed tariff under the PPAs, making the debt metrics of the pool sensitive to energy generation which is dependent on weather conditions and seasonality. Further, the pool's cash flows are susceptible to any adverse movements in interest rates. ICRA also notes that the projects are exposed to regulatory risks associated with the scheduling and forecasting norms for solar projects and changes in the group captive/open access regulations.

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

Key rating drivers and their description

Credit strengths

Strong parentage - The SPVs are part of the Vibrant Energy Group, which belongs to Macquarie. Macquarie has more than 90 GW portfolio under development across over 25 markets globally. At present, the Vibrant Energy Group has ~200-MW (AC) capacity of operational assets under management (AUM), along with a ~330-MW (AC) portfolio of under-construction assets, spread across five states in India. The Group develops open-access renewable energy solutions (wind and solar) for corporate customers, mainly through the group captive route.

Low offtake risk owing to long-term PPAs with group captive customer - TEPL and VSEPL have signed 20-year PPAs under the group captive structure with Sify Infinit Spaces Ltd., rated *[ICRA]AA- (Stable)/[ICRA]A1+*, which is a reputed player in the data centre sector. Given the healthy credit risk profile of the offtaker, the counterparty risk remains low. The PPAs have been signed for the entire capacity at a competitive tariff, which is at a discount to the grid tariff, thereby also mitigating the offtake risk.

Cash pooling with group SPV - Comfort is drawn from the cash pooling mechanism available among the SPVs in the co-obligor pool under the terms of the project debt, wherein any shortfall in debt servicing by any of the SPV can be met through the cash surplus available in the pool.

Satisfactory anticipated debt coverage metrics - The pool's debt coverage metrics are expected to remain satisfactory, with an estimated cumulative DSCR of around 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

Single-asset operations; sensitivity of debt metrics to energy generation - The debt metrics of the project remain sensitive to the PLF level, given the one-part tariff 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 assets in Maharashtra amplifies the generation risk. The pool's ability to achieve and maintain the appraised P-90 estimate remains a key factor from a credit perspective.

Exposure to interest rate risk - The capital structure of the pool is leveraged, reflected in the debt-funded capex deployed to set up the projects. Therefore, the debt coverage metrics remain exposed to any adverse interest rate movements, given the fixed tariff under the PPAs.

Regulatory risk - The operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements applicable for renewable energy projects, given the variable nature of solar and wind power generation. The risk is more prominent for wind power projects. Also, the pool's operations are exposed to the risk pertaining to any changes in group captive/open access regulations.

Liquidity position: Adequate

The companies had healthy free cash and bank balances of Rs. 18.15 crore at the consolidated level and were maintaining DSRA equivalent to two quarters' debt servicing requirement totalling to Rs. 39.22 crore as of October 2024. The pool is expected to generate adequate cash flow from operations of Rs. 25.00-30.00 crore against annual debt repayment obligations of Rs. 21.02-21.55 crore over FY2025-FY2026.

Rating sensitivities

Positive factors - ICRA could upgrade the pool's rating if the credit profile of the parent, Vibrant Energy Holdings Pte. Limited (VEHPL), improves, while the company maintains satisfactory generation and debt coverage metrics and the payments from the offtaker are timely..

Negative factors - Pressure on the pool's rating could arise if the actual PLF remains low on a sustained basis, and/or the pool 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., VEHPL, weakens.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar Power - Wind
Parent/Group support	The rating is based on implicit support from the parent company, Vibrant Energy Holdings Pte. Ltd.
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of two cash pooling SPVs listed in Annexure II

About the company

VEH Srishti Energy Private Limited (VSEPL), incorporated in 2021, is a special purpose vehicle (SPV) promoted by Vibrant Energy Group. It is 57.4% held by Vibrant Energy Holdings Pte. Ltd. (VEHPL), Singapore, with a negligible holding by VEH Global India Pvt. Ltd. (VEHGIPL) and the rest of the stake held by the C&I customer (42.6%), under the group captive model. VEHGIPL is 99.9% held by VEHPL, Singapore. VEHPL, Singapore (incorporated in 2015), is the main holding company of the Group for the current India portfolio through Aragorn Holding Company Two Pte. Ltd., Singapore (incorporated in 2020).

VEHPL, Singapore, is a wholly-owned subsidiary of Aragorn Holding Company Two Pte. Ltd. (Singapore), which is held 92.21% by Macquarie Corporate Holdings Pty Ltd. and 7.79% by ATN International Inc (Delaware, 1989) through various step-down subsidiaries.

VSEPL has developed a 54-MW wind power project at Kasar, Latur district, in Maharashtra. The scheduled commissioning date of the project is June 2023. 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.

About the companies in the cash pooling structure

Under the cash pooling portfolio, there are two SPVs – TEPL and VSEPL. The combined capacity of the mentioned SPVs is 99 MWAc/120.6 MWDc which is in Jalakheda, Nagpur, in Maharashtra. The SPVs have signed PPAs with various reputed C&I customers under the group captive structure.

Key financial indicators (audited)

Consolidated	FY2023	FY2024
Operating income	37.77	84.15
PAT	(12.15)	(3.11)
OPBDIT/OI	70.49%	85.86%
PAT/OI	(32.16%)	(3.69%)
Total outside liabilities/Tangible net worth (times)	5.60	5.63
Total debt/OPBDIT (times)	25.09	9.54
External debt/OPBDITA	19.36	7.58
Interest coverage (times)	0.82	1.10
Interest coverage on external debt	1.04	1.41

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Standalone-VSEPL	FY2023	FY2024
Operating income	-	49.54
PAT	-	(1.44)
OPBDIT/OI	-	89.23%
PAT/OI	-	(2.90%)
Total outside liabilities/Tangible net worth (times)	-	5.26
Total debt/OPBDIT (times)	-	9.58
External debt/OPBDITA	-	7.56
Interest coverage (times)	-	1.19
Interest coverage on external debt	-	1.52

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Dec 17, 2024	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	333.54	[ICRA]A-(Stable)	Oct 25, 2023	[ICRA]A-(Stable)	Feb 09, 2023	[ICRA]BBB+(Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – 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	Long term – Fund based - Term loan	FY2023	-	FY2041	333.54	[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

Company Name	Consolidation Approach
Tasoula Energy Private Limited	Full Consolidation
VEH Srishti Energy Private Limited	Full Consolidation

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