February 11, 2025

Amplus Venus 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	45.01	42.56	[ICRA]AA (Stable); reaffirmed
Total	**45.01**	**42.56**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation of Amplus Venus Private Limited (Amplus Venus) factors in the strengths arising from the strong parentage of Petroliam Nasional Berhad (PETRONAS; rated Moody's A2 Stable) that owns a 100% stake in step-down holding company - Amplus Energy Solutions Pte Ltd. The rating also takes comfort from the presence of a cash pooling structure with a defined mechanism for the sharing of surplus cash flow prior to the due date of debt servicing among the cash pooling special purpose vehicles (SPVs), enabling ICRA to take a consolidated view of the 10 cash pooling SPVs.

The rating favourably factors in the operational status of the cash pooling portfolio along with the geographical diversification of the pool as the solar assets are located across 19 states/Union Territories. The rating also incorporates the limited offtake risk due to the long-term PPAs signed for the entire portfolio with multiple offtakers. The entire capacity is contracted with the average tenure of the power purchase agreements (PPA) being higher than the debt tenure. Additionally, the PPA tariffs remain significantly lower than the grid tariff of industrial consumers in the respective states, translating into superior tariff competitiveness. Moreover, the regulatory risk remains minimal with the entire cash pooling capacity being onsite (rooftop ground mount) not utilising the grid infrastructure for evacuation, and ~78% being developed in a captive arrangement. However, ICRA notes that the cash pooling SPVs have achieved a PLF of 90-95% of the P-90 levels in the last two years as the generation was impacted by weather issues like an extended monsoon and cement solidification due to winter fog. Going forward, achieving a PLF closer to the P-90 levels of ~16.8% following the measures undertaken by the Group, such as chemical and robot cleaning, will be important from a credit perspective.

The rating also factors in the benefits arising from the Amplus Group's technical experience and its strategic focus in developing and operating rooftop and ground-mounted solar PV projects for the commercial and industrial segments. The rating also draws comfort from the pool's adequate debt coverage metrics and the stipulated cash sweep clause in case of any breach of the specified debt service coverage ratio (DSCR) level. ICRA also takes comfort from the fact that the projects' cash flows shall not be utilised for funding any expenses over and above the approved operations and maintenance (O&M) expenses (110% of budgeted will be allowed) or for any investments in projects/SPVs outside the cash pooling arrangement.

The rating, however, is constrained by the sensitivity of generation to solar irradiation levels as the revenues are linked to the actual units generated. Also, the ability of the Amplus Group to ensure proper O&M of the solar assets of the project, in line with the stipulated performance parameters in the O&M agreements, remains crucial for the company. The project economics will also remain susceptible to adverse interest rate movements, given the single part nature of the tariff. While weather and operating risks expose the pool to potential temporary cash flow timing mismatches during periods of lower generation, the rating derives strength from the pool's sizeable on-balance sheet liquidity, which can help tide it over such periods of subdued earnings.

The Stable outlook reflects the revenue visibility provided by the operational status of the projects, backed by long-term PPAs and timely cash collections from the offtakers, that is expected to keep the consolidated credit metrics of the pool at comfortable levels, going forward.

Key rating drivers and their description

Credit strengths

Strong parent support from PETRONAS - Amplus Venus is a part of the Amplus Group, which is backed by PETRONAS, post its acquisition of the Amplus Group from the erstwhile promoter—I Squared Capital—in April 2019. The rating factors in the benefits of a strong parentage by virtue of the 100% ownership by PETRONAS in the holding company of the Amplus Group, Amplus Energy Solutions Pte Limited. PETRONAS has segregated its new energy business from the earlier gas and new energy business and formed a separate vertical, named GENTARI, which is focusing on three core-areas - renewable energy, hydrogen and green mobility solutions. As the Amplus Group is a strategically important business segment which aligns with PETRONAS' focus on renewable energy, ICRA expects PETRONAS to continue to provide financial support to the company, if required.

Geographic diversification of projects - The projects in the cash pooling portfolio (87 projects with aggregate ~173 MW capacity) are spread across various states in the country, which leads to geographical diversification and reduces the asset concentration risk. During CY2025, ICRA understands that an additional 28 MW of assets are expected to be added to the co-obligor pool, which will take the installed capacity to ~201 MW from ~173 MW.

Low offtake risk with entire capacity contracted under long term PPAs; counter-party risks mitigated by healthy financial profile of offtakers and healthy collection efficiency of the pool - The PPAs are signed with commercial and industrial customers with strong financial profiles for a large proportion of the project capacity. The entire capacity is contracted under long-term PPAs with the average PPA tenure being ~23 years. Further, the collection efficiency of the pool has remained strong at ~97% in CY2023 and ~93% in 10M CY2024.

Superior tariff competitiveness with minimal regulatory risk - The projects enjoy superior tariff competitiveness as the blended tariff is at a significant discount to the grid tariff. There is minimal regulatory risk as the entire capacity is onsite (ground-mount/ rooftop) and not utilising the state distribution infrastructure and bulk of the capacity are co-located captive projects (~78%).

Strong liquidity - The liquidity is strong, backed by free on-balance sheet cash and liquid investments of ~Rs. 83.0 crore as on November 30, 2024. Additionally, the long-term PPAs signed with assured offtake (in most PPAs) at remunerative tariffs are likely to keep the cash flows comfortable. The liquidity is further supported by the presence of PETRONAS, which is expected to provide financial support to the cash pooling SPVs, if required.

Credit challenges

Moderate operational performance with limited track record; inability to generate PLF levels closer to P-90 levels adversely impacting pool's DSCR - The generation performance of the pool has remained below the P-90 estimates, partly attributable to initial stabilisation issues in certain projects. Lower generation in some months due to operational reasons such as an extended monsoon and cement solidification because of winter fog has also impacted the generation. Further, the operational projects have a limited track record with only ~36% of the overall capacities in operation for more than three years. The ability of the projects to achieve a PLF closer to the P-90 levels following the measures undertaken by the group, such as chemical/robot cleaning, will be important from a credit perspective. Any decline in the PLF will impact the pool's DSCR levels.

Vulnerability of cash flows to solar irradiation - Variability in solar irradiation may affect the generation, which may impact the revenues and the cash flow of the projects as the revenues are directly linked to the actual generation. The risk is mitigated to some extent by the geographically diversified asset base of the portfolio. In ICRA's base-case scenario of the portfolio demonstrating a P-90 level of generation, the pool's cumulative DSCR is estimated at a comfortable 1.31 times. However, the inability to report a P-90 generation level will weaken the pool's DSCR, and exert pressure on the rating.

Interest rate risk due to fixed tariff - The tariff for the projects is fixed in nature. However, the projects remain exposed to the risk of fluctuations in the interest rate, which is floating in nature. Given the fixed revenue streams, the valuations of the renewable assets are highly susceptible to duration risks from interest rate movements, which can adversely impact the PLCR and financial flexibility if the interest rates rise.

Liquidity position: Strong

The liquidity is strong, aided by free cash/bank balance/liquid investments of ~Rs. 83.0 crore as on November 30, 2024 and a consistent track record of positive retained cash flows, supported by healthy generation levels and timely payments by the counterparties. The entire capacity of ~201 MW (expanded from ~173 MW) has been commissioned and the revenues from the operational solar power projects are expected to comfortably meet the debt servicing requirement and operational expenses in CY2025/CY2026. The liquidity is further supported by the presence of a strong parent, PETRONAS, which is expected to provide financial support to the cash pooling SPVs, if required.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the generation is in line with the P-90 PLF estimates on a sustained basis, or if there is a material reduction in the debt levels and improvement in the debt coverage metrics of the company. The rating may also be upgraded if the credit profile of the ultimate parent, PETRONAS, improves.

Negative factors – Pressure on the rating could arise if there are adverse regulatory developments that affect the tariff competitiveness of the project, or if there is a deterioration in its operational performance or generation levels, pulling down the co-obligor pool's cumulative DSCR below 1.25 times. A weakening of the credit profile of PETRONAS and/or any weakening of the linkages with ultimate parent PETRONAS will also exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar
Parent/Group support	Parent/Group Company: Amplus Energy Solutions Private Limited/Amplus Energy Solutions Pte. Ltd, which is owned by GENTARI (a 100% subsidiary of PETRONAS); ICRA expects PETRONAS to be willing to extend financial support to the company, if required, given the business linkages, strategic importance and the willingness shown by the parent to support the company
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of the 10 cash pooling SPVs listed in Annexure II

About Amplus Venus

Amplus Venus is a part of the Amplus Group, which is present in the solar sector in India and is backed by PETRONAS. The company has set up various solar power projects with combined capacity of ~18-MW at various locations in India. The company has signed PPAs with various reputed commercial and industrial customers for a period of 15 to 25 years from COD. Singapore-based Amplus Energy Solutions Pte. Ltd holds 100% equity in the company. Further, Amplus Venus has another ~2.9 MW capacity of commissioned projects which are not part of pool currently, however is likely to be part of cash pooling by Q1CY2025.

About the companies in the cash pooling structure

Under the cash pooling portfolio, there are 10 SPVs – Amplus Alpha Solar Private Limited, Amplus Venus Private Limited, Nay Energy Private Limited, Amplus Coastal Power Private Limited, Wednesday Solar Private Limited, Sunroot Energy Private Limited, Amplus Dakshin Private Limited, Amplus Poorva Private Limited, Amplus Solar Power MH Private Limited, Amplus Sunshine Private Limited. The cash pooling SPVs are part of the Amplus Group. The combined portfolio includes 87 solar projects across 19 states in India with a capacity of ~173-MW.

The Group has another ~28 MW of commissioned projects under three SPVs - Nay Energy Private Limited, Amplus Venus Private Limited and Amplus Dakshin Private Limited - which are not part of the pool yet but are likely to be made a part of it by Q1 CY2025 after these SPVs avail external financing. The total cost of these projects is Rs. 151 crore and the financing to be availed is of ~Rs.93 crore. The company has signed PPAs with reputed commercial and industrial customers for these generation assets.

Key financial indicators (audited)

Consolidated – Amplus Cash Pooling	CY2022	CY2023
Operating income	46.3	67.4
PAT	-6.9	-14.1
OPBDIT/OI	80.5%	76.8%
PAT/OI	-14.9%	-20.9%
Total outside liabilities/Tangible net worth (times)	3.8	3.8
Total debt/OPBDIT (times)	11.7	9.8
Interest coverage (times)	1.3	1.3

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

Current (FY2025)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	Feb 11, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	42.56	[ICRA]AA (Stable)	Jan 11, 2024	[ICRA]AA (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	**Term loan**	CY2023	NA	CY2037	42.56	[ICRA]AA(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	Ownership	Consolidation approach
Nay Energy Private Limited	-	Full consolidation
Amplus Coastal Power Private Limited	-	Full consolidation
Amplus Alpha Solar Private Limited	-	Full consolidation
Wednesday Solar Private Limited	-	Full consolidation
Sunroot Energy Private Limited	-	Full consolidation
Amplus Dakshin Private Limited	-	Full consolidation
Amplus Poorva Private Limited	-	Full consolidation
Amplus Venus Private Limited	-	Full consolidation
Amplus Solar Power MH Private Limited	-	Full consolidation
Amplus Sunshine Private Limited	-	Full consolidation

ICRA has consolidated the financials of the 10 SPVs basis the presence of a cash-pooling mechanism among these SPVs as part of their respective facility agreements

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ABOUT ICRA LIMITED

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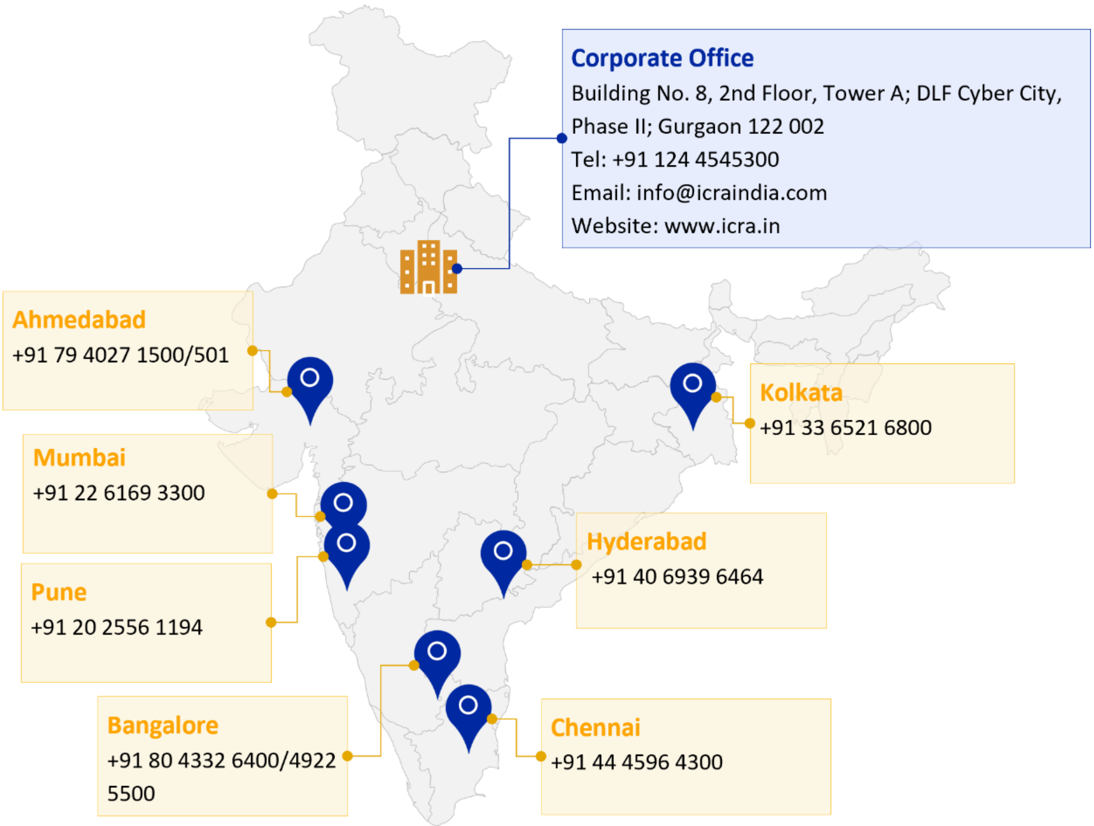

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