

Sun Clean Renewable Power Private Limited

Instrument Details	Amount in Rs. Crore [^]	Rating Action
		June 2016
Term Loan	45.15 (enhanced from 37.00)	[ICRA]BBB (stable); <i>assigned</i>

ICRA has assigned the rating of [ICRA]BBB (pronounced ICRA BBB) on long term scale to Rs. 45.15 crore* (enhanced from Rs 37.00 crore) term loan of Sun Clean Power Private Limited (SCRPPL) . The outlook on the long-term rating is 'Stable'.

The rating takes into account the strong revenue and cash flow visibility for the company's solar project arising from the long-term Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Limited (GUVNL) for entire capacity of 6 MW at tariff of Rs 15/kWh for first 12 years and Rs 5/kWh thereafter as well as the relatively lower counterparty credit risk with GUVNL ([ICRA]A+(stable) / [ICRA]A1+) being off-taker of power. The rating also draws comfort from the demonstrated track record of healthy Plant Load Factor (PLF) levels of the company's solar power plant and timely payments from GUVNL since commissioning in March 2012.

The rating is however constrained by the company's highly leveraged capital structure owing to debt-funded nature of the project and high capital cost per MW. The return indicators for the company remain moderate owing to the high capital costs incurred in setting up the project. The profitability of the project has also declined in FY2015 owing to higher General and Administrative expenses. The cash flows of the company remain sensitive to the PLF of the plant, which depends upon solar irradiation levels, albeit variations in PLF of solar plants are expected to be relatively lower compared to other renewable based projects. Rating is also constrained by the fact that solar PV projects being implemented currently have lower capital cost on account of fall in solar module prices which makes power from this project uncompetitive as compared to current and future solar projects. Under this circumstance, willingness of GUVNL to pay high tariff to these solar projects commissioned under Gujarat Solar Policy 2009 on timely basis will remain a key rating driver.

Company Profile

Sun Clean Renewable Power Private Limited (SCRPPL) is 100% subsidiary of Sun Alternate Energy Private Limited (SAEPL) which is in turn 100% subsidiary of Khemka Aviation Private Limited (KAPL). KAPL is owned by Khemka family which has number of businesses under Sun Group. SUN is a principle investor and private equity fund manager. The group has its presence in India, Russia, Africa and other emerging markets. The Group has been active in areas such as Aerospace, Oil & Gas, Mining, Real Estate, Infrastructure, Food & Beverage, Technology and Renewable Energy.

SCRPPL has setup a 6 MW photo voltaic (PV) solar power plant in Charanka Village in Patan District of Gujarat under the State Solar Policy. The project was commissioned on March 4, 2012. SCRPPL has signed a PPA with GUVNL for a period of 25 years. The tariff is fixed at Rs. 15 per unit for the first 12 years and Rs. 5 per unit for the next 13 years.

For FY2015, SCRPPL reported Profit after Tax (PAT) of Rs. (3.26) crore on an operating income of Rs. 14.36 crore (on account of high depreciation of Rs 7.71 crore) as compared to PAT of Rs (4.01) crore on operating income of Rs 15.37 crore in FY2014 (on account of high depreciation of Rs 10.27 crore).

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[^] 100 lakh = 1 crore = 10 million



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