

June 04, 2019

## Amplus Sun Solutions Private Limited: Ratings assigned

### Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Fund based-Term loan	4.42	[ICRA]A-(SO)%; Assigned#; Rating under watch with positive implications
<b>Total</b>	<b>4.42</b>	

\*Instrument details are provided in Annexure-1

#The rating of [ICRA]A-(SO) for the Rs 117.76 crore term loan jointly raised by Amplus Energy Solutions Private Limited (AESPL), Amplus Jyotimangal Energy Private Limited (AJEPL), Amplus Sun Solutions Private Limited (ASSPL), Amplus Superior Solar Private Limited (ASuSPL), Ananth Solar Power Maharashtra Private Limited (ASPMPL) and Sunterrace Energy One Private Limited (SEOPL) under co-obligor structure. The letters "SO" in parenthesis suffixed to a rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

### Rationale

The assigned rating for term loan jointly raised by AESPL, AJEPL, ASSPL, ASuSPL, ASPMPL and SEOPL factors in the structure of the loan facility with the SPVs jointly responsible for servicing the debt, wherein the shortfall in meeting the debt obligation by any of the SPVs shall be met through surplus cash flows from the other SPVs in the structure. While there are distinct trust and retention accounts (TRA) and waterfall mechanism for each of the SPVs, they are governed by a single TRA agreement and rupee loan agreement. Interest would be payable monthly and repayment of the term loan follows a quarterly schedule. Structure terms includes call/put option at the end of 12 years from initial disbursement date.

These SPVs together have total solar capacity of 34.30 MW under the co-obligor structure comprising of 118 projects. The assigned rating takes into account the operational status for majority of the solar capacity in the co-obligor pool portfolio with diversification benefits due to solar assets being located across different geographies (i.e. 118 project sites in 17 states) as well as limited off-take risk due to long term power purchase agreements signed for the entire portfolio with their respective off-takers. The solar portfolio capacity comprises of 24.1 MW roof-top based and 10.2 MW ground mounted, while out of total capacity, 32.8 MW is operational as on March 31, 2019. The ratings also factor the benefits accruing from the Amplus Group's technical experience and strategic focus in development & operations of roof-top & ground mounted solar PV projects for commercial & industrial segment. The rating also draws the comfort from adequate debt coverage metrics, stipulated cash sweep clause in case of any breach of specified DSCR level as well as the DSRA of two quarters (principal and interest) out of which DSRA for one quarter is in place and DSRA for another quarter shall be created from cash flow of projects.

The rating for term loan, however, is constrained by limited operational track record for commissioned projects with average PLF level for the entire portfolio being marginally lower as against the base case P-90 estimate due to stabilisation phase for recently commissioned projects. The capacity under pooling structure has been added mainly over the last 2-3-year period. The rating is further constrained by the sensitivity of generation to solar-irradiation levels given the revenues are linked to actual units generated and exported, in view of the single-part tariff structure in the PPAs. Further, roof-top solar projects remain relatively more sensitive to solar radiation availability due to climatic factors like dust & pollution in city locations. The risk is mitigated to some extent by considering lower generation estimates in base case as compared to ground mounted projects. Also, the ability of the Amplus Group to ensure proper

operations & maintenance of module assets across the project sites in line with stipulated performance parameters in the O&M agreements remain crucial for the pool portfolio. ICRA has taken note of the centralized monitoring of the sites and regular cleaning of the modules which shall mitigate the operational risk to certain extent. While few roof-top projects in the portfolio have relatively high tariff PPAs, the presence of termination / buyout clause in such PPAs as well as the economics of such tariff as against the grid tariff for the respective off-takers remain the mitigating factors. Further, the pooled capacity remains exposed to interest rate risk, given the single part nature of PPA tariff for all the projects. Ability of the projects under the co-obligor structure to demonstrate satisfactory operational performance as against base case assumptions and timely payments from counterparty shall remain a key rating monitorable. The term loan under co-obligor structure also has Tranche II of Rs 10.47 crore which shall be disbursed after performance establishment post expiry of 15 months from the Initial Disbursement Date. Any increase in debt levels beyond the co-obligor structure in the SPVs shall also be a rating sensitivity.

### Outlook: Not Applicable

The rating assigned is “under watch with positive implications” post acquisition of 100% interest in Amplus Energy Solutions Pte Ltd i.e. the holding company, by Petronas from erstwhile promoters i.e. I Squared Capital. ICRA will take a final rating action post discussion with representatives of Petronas/new management of holding company to understand on the Petronas’s strategic plans & funding commitments towards the same.

### Key rating drivers

#### Credit strengths

**SPVs under co-obligor structure are part of Amplus group which is backed by Petronas**– The six SPVs under co-obligor structure are part of Amplus group which was backed by I Squared Capital. On April 15, 2019, Petronas announced acquisition of 100% interest in Amplus Energy Solutions Pte Ltd (Amplus Singapore) which is the holding company for Amplus group. The acquisition is complete and Amplus group is now part of Petronas which is a Fortune 500 firm focussed on Oil and Gas sector in Malaysia.

**Amplus group has 924 MW of solar portfolio** - As on May 10, 2019, Amplus group has solar portfolio of 924 MW out of which 294 MW is operational thereby mitigating execution risk typically associated with under construction projects. The group is focussed on setting up solar power projects through rooftop/ on-ground/open access route for commercial and industrial customers. The SPVs derive benefit from the experience of management in solar power sector in India.

**Geographically diversification of the projects under co-obligor structure**– The co-obligor structure has 118 projects with total capacity of 34.30 MW spread across different states which leads to geographical diversification and reduces the asset concentration risk to large extent. Co-obligor structure of the term loan provides additional comfort in terms of partly insulating against PLF variations and counter party credit risks given geographical diversification of the assets.

**Long-term PPAs at attractive tariffs mitigate off-take risk**– Long-term PPAs have been signed with the C&I customers for entire 34.3 MW which provides revenue visibility and mitigates off-take risk. Weighted average remaining PPA tenor as of February 2019 was ~20 years which was higher than the debt tenor leading to tail period. The weighted average tariff for overall portfolio is Rs 5.82/kWh in FY2019 which is lower than the grid tariff for the counter parties.

**Low counter party credit risk**– The PPAs are signed with commercial and industrial customers with strong financial profile. This along with the presence of multiple counter parties mitigates the counter party credit risk to some extent. As per the company, the payment from counter parties is received within 30-45 days from date of billing. Moreover, the PPAs have termination/ buy back clauses which further mitigates counter party credit risk.

**Majority of capacity in co-obligor structure is operational although generation track record is limited**– Out of total 34.3 MW of capacity under co-obligor structure for term loan, 32.8 MW has been commissioned as on March 31, 2019 mitigating execution risk typically associated with under construction projects. The portfolio has weighted average operational track record of close to 2 years. The operational track record in 12 months ending March 31, 2019 with weighted average CUF of 16.52% has been lower than weighted average P90 CUF of 16.6%.

## Credit challenges

**Vulnerability of cash flows to solar irradiation**- Variability in solar irradiation may affect generation which may impact revenue and cash flow of the projects as the revenue is directly linked to actual generation. The risk is mitigated to some extent by the geographically diversified asset base of the portfolio. However, generation track record of the portfolio is limited and marginally lower than P90 PLF estimates in the 12 months ending March 31, 2019 due to stabilization in recently commissioned projects

**Limited operational track of the projects and moderate operational performance**- The capacities have been commissioned starting FY2012 although the majority of capacity has been commissioned in the last three years i.e FY2016-FY2018. Weighted average operational track record of the projects is ~2 years as of Mar'19. Operational projects of 32.80 MW as on March 31, 2019 have moderate operational performance in the last one year, as reflected from the actual weighted average CUF of around 16.52% as compared to P90 PLF estimates due to plant stabilization period.

**Exposure to interest rate risk**- The tariffs for majority of the projects are single part in nature and the projects remain exposed to interest rate risk as the interest rate is floating in nature

## Liquidity Position:

The consolidated liquidity position of the six SPVs in the co-obligor arrangement remains satisfactory on account of majority of solar power projects being operational in nature, presence of 1 quarter DSRA and timely payment from counter parties.

## Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Approach for rating debt instruments supported by structural features (Non-securitized transactions)</a> <a href="#">Rating methodology for Solar Power Producers</a>
Parent/Group Support	Parent/Group Company: Amplus Energy Solutions Pte Ltd We expect Amplus Energy Solutions Pte Ltd to be willing to extend financial support to the 6 SPVs under co-obligor arrangement should there be a need as the SPVs are part of Amplus group.
Consolidation / Standalone	For arriving at the ratings for term loans under co-obligor structure, ICRA has consolidated the financials of 6 SPVs (as mentioned in Annexure) given the close financial linkages among them arising out of the co-obligor arrangement between them

## About the company:

Amplus Sun Solutions Private Limited (formerly known as: SEI Sun Power Pvt. Ltd.) is an SPV 100% owned by AESPL (Singapore) directly. The company was incorporated in July 05, 2010 to build and operate two rooftop solar projects of 769.20 KW and 517.0 KW located in Madurai (Tamil Nadu) and Bangalore (Karnataka) respectively.

The company is part of Amplus group which is setting up distributed energy solutions for Commercial and Industrial (C&I) customers. Amplus group was earlier backed by I Squared Capital which is an independent global infrastructure investment fund with USD 12.6 billion of assets under management. On April 15, 2019, Petronas Group announced that it has entered into an agreement with I Squared Capital to acquire 100% interest in Amplus Energy Solutions Pte. Ltd. which is the Singapore based holding company of Amplus group. As on date Amplus group is 100% owned by Petronas.

In FY2018, the company reported a net profit of Rs. 0.6 crore on an operating income of Rs. 2.5 crore, as compared to a net profit of Rs. 0.1 crore on an operating income of Rs. 1.2 crore in FY2017.

## Key financial indicators (audited)- Amplus Sun Solutions Private Limited

	FY2017	FY2018
Operating Income (Rs. crore)	1.2	2.5
PAT (Rs. crore)	0.1	0.6
OPBDIT/OI (%)	88.5%	67.6%
RoCE (%)	46.8%	14.8%
Total Debt/TNW (times)*	2.60	1.97
Total Debt/OPBDIT (times)*	6.55	3.66
Interest coverage (times)*	1.26	1.97

\*The debt in the company is primarily promoter loan in FY2017 and FY2018. Hence, external debt/ (TNW+ promoter debt) and External debt/ OPBDIT were NIL for FY2017 and FY2018 and interest coverage for interest on external debt is not meaningful.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

### Rating history for last three years:

Current Rating (FY2020)					Chronology of Rating History for the Past 3 Years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating June 2019	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
1 Term Loan	Long Term	4.42	NA	[ICRA]A-(SO) %	-	-	-

%- under rating watch with positive implications

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Term Loan	FY2019	-	FY2033	4.42	[ICRA]A-(SO)%

Source: Amplus Sun Solutions Private Limited

### Annexure-2: List of entities considered for consolidated analysis for term loan under co-obligor structure

Company Name	Ownership	Consolidation Approach
Amplus Energy Solutions Private Limited	100%	Full Consolidation
Amplus Sun Solutions Private Limited	100%	Full Consolidation
Amplus Superior Solar Private Limited	100%	Full Consolidation
Ananth Solar Power Maharashtra Private Limited	100%	Full Consolidation
Amplus Jyotimangal Energy Private Limited	100%	Full Consolidation
Sunterrace Energy One Private Limited	100%	Full Consolidation

## ANALYST CONTACTS

**Sabyasachi Majumdar**

+91 124 4545 304

[sabyasachi@icraindia.com](mailto:sabyasachi@icraindia.com)

**Vibhor Mittal**

+91 22 6114 3440

[vibhorm@icraindia.com](mailto:vibhorm@icraindia.com)

**Girishkumar Kadam**

+91 22 6114 3441

[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Sankha Subhra Banerjee**

+91 22 6114 3420

[sankha.banerjee@icraindia.com](mailto:sankha.banerjee@icraindia.com)

**Shailendra Singh Baghel**

+91 124 4545 846

[shailendra.baghel@icraindia.com](mailto:shailendra.baghel@icraindia.com)

## RELATIONSHIP CONTACT

**Jayanta Chatterjee**

+91 80 4332 6401

[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

### Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited

### Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: [info@icraindia.com](mailto:info@icraindia.com)

Website: [www.icra.in](http://www.icra.in)

### Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

### Branches

Mumbai + (91 22) 24331046/53/62/74/86/87  
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,  
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,  
Bangalore + (91 80) 2559 7401/4049  
Ahmedabad+ (91 79) 2658 4924/5049/2008  
Hyderabad + (91 40) 2373 5061/7251  
Pune + (91 20) 2556 0194/ 6606 9999

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