

December 05, 2019

Amplus KN One Power Private Limited: Ratings upgraded to [ICRA]A+(CE)(Stable)/A1(CE), outlook revised to Stable

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term/ short term/ fund based/ non- fund based limits	114.95	114.95	[ICRA]A+(CE) (Stable)/[ICRA]A1(CE); Upgraded from [ICRA]A-(CE) %/A2+(CE)%; removed from rating watch; Stable outlook assigned
Total	114.95	114.95	

*Instrument details are provided in Annexure-1

Rating Without Explicit Credit Enhancement

[ICRA]BBB+

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. Earlier, the rating symbol for this instrument/facility used to be accompanied by the (S) suffix. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

The above rating is based on the strength of the corporate guarantee provided by Amplus Energy Solutions Pte Ltd (Amplus Singapore, Guarantor), the parent of Amplus KN One Power Private Limited, for the rated bank limits. The rating also factors strengths arising out of strong parentage by virtue of 100% ownership in the Amplus Energy Solutions Pte Ltd, by Petronas, Malaysia. The Stable outlook on this rating reflects ICRA's outlook on the rating of the guarantor, Amplus Energy Solutions Pte Ltd.

Adequacy of credit enhancement

The rating of the instrument is credit enhanced based on the presence of the corporate guarantee from Amplus Energy Solutions Pte Ltd. The guarantee is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument. However, the rating is supported by a form of support, without a well-defined payment mechanism. Given these attributes, the guarantee provided by Amplus Energy Solutions Pte Ltd is adequately strong to result in an enhancement in the rating of the said instrument to **[ICRA]A+(CE)** against the rating of [ICRA]BBB+ without explicit credit enhancement. In case the rating of the guarantor was to undergo a change in future, the same would reflect in the rating of the aforesaid instrument as well.

Salient covenants related to the credit enhancement, as specified in the guaranteed documents

- » The guarantee is unconditional and irrevocable
- » The guarantee is joint and several
- » The guarantee is a continuing security and shall remain in full force till all dues under the above-mentioned facilities are met

» If at any time default shall be made by the borrower in payment of the principal sum together with interest, reasonable costs, charges and expenses due to the lender in respect of the above-mentioned credit facility, the Guarantor shall immediately pay the lender, on demand.

Key rating drivers and their description

Credit strengths

Company is part of Amplus group backed by Petronas- Amplus KN One Power Private Limited is part of Amplus group which is backed by Petronas (rated A2 by Moodys). Amplus group was earlier backed by I Squared Capital. On April 15, 2019, Petronas announced that it has entered into an agreement with I Squared Capital to acquire 100% interest in Amplus Energy Solutions Pte Ltd (parent company of Amplus KN One Power Private Limited). The acquisition has been completed and the company is part of Petronas group now. The rating factors in benefits arising out of strong parentage by virtue of 100% ownership in the holding company, Amplus Energy Solutions Pte Ltd, by Petronas which is Malaysia based Fortune 500 entity backed by Government of Malaysia.

Corporate Guarantee from Amplus Energy Solutions Pte Ltd- The rated bank limits of the company are backed by corporate guarantee from the holding company of Amplus group i.e. Amplus Energy Solutions Pte Ltd.

In-house EPC entity for small and medium scale solar projects of the group- The company has been setup to execute small and medium scale solar power projects of the group up to 15-20 MW. Revenue growth of the company is linked to the capacity addition plans of the group (250-300 MW per annum).

Modest order book position - The company has modest order book of 33 MWp as on September 30, 2019 which provides revenue visibility.

Credit challenges

Limited scale & track record of the company - The company was incorporated in May 2017 and executed majority of the projects in FY2019. Moreover, the financial metrics of the company on standalone basis are weak due to inadequate scale of operations & relatively higher operating cost overheads.

Associated execution risks with respect to order book – The operations remain exposed to execution risk & hence, the company's ability to execute the orders in a timely manner within the budgeted cost remains critical.

Liquidity position: Adequate

Liquidity position of the company is adequate on account of working capital limits of the company and support from parent entity, Amplus Energy Solutions Pte Ltd (100% subsidiary of Petronas)

Rating sensitivities

Positive triggers: Increase in scale & sustainability of profitable track record in the company's operations

Negative triggers: Any change in linkage & support expected from the Petronas group and/or weak financial performance on sustained basis

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Approach for rating debt instruments backed by third-party explicit support
Parent/Group Support	Parent/ Group Company: Amplus Energy Solutions Pte Ltd The assigned rating is based on an unconditional, irrevocable corporate guarantee extended by Amplus Energy Solutions Pte Ltd (100% subsidiary of Petronas, rated A2 by Moodys)
Consolidation/Standalone	The rating is based on standalone financials of the company.

About the company

Amplus KN One Power Private Limited is a part of Amplus Group. It is held by Amplus Energy Solutions Pte Ltd. The company carries out the EPC work for the rooftop projects housed in other SPVs of Amplus. Amplus KN One has entered into an EPC contract with other SPVs of Amplus which develop rooftop projects.

In FY2019, the company reported net loss of Rs 16.61 crore on an operating income of Rs 120.73 crore as against net profit of Rs 0.03 crore on an operating income of Rs 4.37 crore in FY2018.

About the Guarantor- Amplus Energy Solutions Pte Ltd

Amplus Energy Solutions Pte Ltd is the holding company of group companies of Amplus. The company is backed by Petronas which is a Fortune 500 company and has presence in oil and gas sector in Malaysia.

As on August 31, 2019, Amplus Group has portfolio of 744.02 MW solar power projects out of which 312.11 MW is operational in nature. The group is focussed on setting up solar power projects under either open access route or rooftop/ on ground solar power projects in the premises of the customers. The group is setting up solar power projects for commercial and industrial customers.

In CY2018, the company reported a net profit of US\$ 7.6 million on an operating income of US\$ 8.2 million as compared to a net profit of US\$ 24.1 million on an operating income of US\$ 24.6 million in CY2017.

Key financial indicators (audited)- Amplus KN One Power Private Limited

	FY2018	FY2019
Operating Income (Rs. crore)	4.37	120.73
PAT (Rs. crore)	0.03	(16.61)
OPBDIT/OI (%)	1.1%	-11.6%
RoCE (%)	NM	NM
Total Outside Liabilities/Tangible Net Worth (times)	148.04	29.19
Total Debt/OPBDIT (times)	0.50	NM
Interest Coverage (times)	21.78	NM
DSCR	13.06	NM
NM: Not Meaningful		

Key financial indicators (audited)- Amplus Energy Solutions Pte Ltd

	CY2017	CY2018
Operating Income (USD Million)	24.6	8.2
PAT (USD Million)	24.1	7.6
OPBDIT/OI (%)	98.4%	91.1%
RoCE (%)	17.7%	3.6%
Total Outside Liabilities/Tangible Net Worth (times)	0.29	0.15
Total Debt/OPBDIT (times)	2.03	3.51
Interest Coverage (times)	NM	NM
DSCR	31.60	6.91
NM: Not Meaningful		

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Rating (FY2020)						Rating History for the Past 3 Years		
		Type	Amount Rated	Amount Outstanding	Current Rating	Earlier Rating		FY2019	FY2018	FY2017
					05-Dec-2019	23-Apr-2019	05-Apr-2019			
1	Letter of Credit*	Long Term/ Short Term	114.95	-	[ICRA]A+(CE) (Stable)/[ICRA] A1(CE)	[ICRA]A-S%/ [ICRA]A2+(S)%	[ICRA]A-(S) (Stable)/ [ICRA]A2+(S)	-	-	-

*The letter of credit facility of Rs 114.95 crore has sub-limits of short term loan of Rs 60 crore, bid bond BG of Rs 10 crore, performance BG of Rs 10 crore.

%Put on watch with positive implications

Amount in Rs. Crore

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

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Letter of Credit*	December 2018	-	-	114.95	[ICRA]A+(CE)(Stable)/ [ICRA]A1(CE)

*The letter of credit facility of Rs 114.95 crore has sub-limits of short term loan of Rs 60 crore, bid bond BG of Rs 10 crore, performance BG of Rs 10 crore.

Source: Amplus KN One Power Private Limited

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