

February 09, 2024

Amplus Sunshine Private Limited: Ratings upgraded to [ICRA]AA (Stable)

Summary of rating action

Instrument*	Pervious Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund Based – Term Loan	34.20	33.13	[ICRA]AA(Stable); upgraded from [ICRA]AA- (Stable)
Total	34.20	33.13	

*Instrument details are provided in Annexure-I

Rationale

The rating upgrade for Amplus Sunshine Private Limited (Amplus Sunshine) is on account of change in the analytical approach (project debt refinanced with cash pooling arrangement with nine other SPVs) as against assessment of standalone profile earlier. The rating draws comfort from the presence of a cash pooling structure with a defined mechanism for sharing of surplus cash flows prior to due date of debt servicing among the cash pooling Special Purpose Vehicles (SPVs) enabling ICRA to take a consolidated view for the 10 cash pooling SPVs. The rating also factors in the strengths arising from the strong parentage with Petroliam Nasional Berhad (PETRONAS; rated Moody's A2 Stable) that owns a 100% stake in holding company - Amplus Energy Solutions Pte Ltd.

The rating favourably factors in the largely operational status of the cash pooling structure portfolio along with the geographical diversification achieved by the pool as the solar assets are located across 19 states/Union Territories as well as the limited offtake risk due to the long-term PPAs signed for the entire portfolio with the multiple offtakers. Entire capacity is contracted with blended Power Purchase Agreement (PPA) tenure being higher than debt tenure, additionally PPA tariffs remain significantly lower than grid tariff of industrial consumers in respective states translating into superior tariff competitiveness. Moreover, the regulatory risk remains minimal with the entire cash pooling structure capacity being onsite (rooftop/ ground mount) not utilizing grid infrastructure for evacuation and ~78% being developed in a captive arrangement as well.

The rating also factors in the benefits arising from the Amplus Group's technical experience and strategic focus in developing and operating rooftop and ground-mounted solar PV projects for commercial and industrial segments. The rating also draws comfort from the pool's adequate debt coverage metrics, stipulated cash sweep clause in case of any breach of the specified Debt Service Coverage Ratio (DSCR) level and a Debt Service Reserve Account (DSRA) of two quarters (principal and interest). 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, given that 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 ability of the projects to demonstrate a satisfactory operational performance against the base case assumptions and timely payments from the counterparties shall remain critical. The project economics will remain susceptible to adverse interest rate movements given the single part nature of tariff.

The Stable outlook reflects the revenue visibility provided by the operational status of the projects with a long-term PPA in place as well as timely cash collections expected from the offtakers.

Credit strengths

Strong parent support from PETRONAS- Amplus Sunshine 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 will focus on three core-areas - renewable energy, hydrogen and green mobility solutions. Given that the Amplus Group is a strategically important business segment which aligns with PETRONAS' strategic 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 (~19) in the country, which leads to geographical diversification and reduces the asset concentration risk. The structure of the term loan provides additional comfort in terms of partly insulating against Plant Load Factor (PLF) variations and counterparty credit risks, given the geographical diversification of the assets.

Low counterparty credit risk with entire capacity contracted under long term PPAs - The PPAs are signed with commercial and industrial customers with strong financial profiles for a large proportion of the project capacity. Entire capacity is contracted under long term PPAs with average PPA tenure being ~23 years.

Superior tariff competitiveness with minimal regulatory risk- The projects enjoy superior tariff competitiveness with the blended tariff offering 40-50% discount compared to the grid tariff. There is minimal regulatory risk with the entire capacity being onsite (ground-mount/ rooftop) and not utilising state distribution infrastructure and bulk of the capacity being co-located captive projects (~78%).

Strong liquidity backed by upfront creation of DSRA -The liquidity is strong, backed by DSRA for two quarters of debt servicing for the individual SPVs. 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

Vulnerability of cash flows to solar irradiation - Variability in solar irradiation may affect 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.

Moderate operational performance with low track record - The generation performance of the pool of projects as has remained below the P-90 estimates, partly attributable to initial stabilization issues coupled with lower generation during the select months. Further, the operational track records of the operational projects have been limited with only ~23-24% of the overall capacities have operational track record of more than three years. Overall blended track record remained at ~1.5 years for portfolio.

Interest rate risk due to fixed tariff - The tariff for the projects is fixed in nature, however projects remain exposed to interest rate risk as the interest rate is floating in nature.

Liquidity position: Strong

The liquidity is strong, aided by DSRA of two quarters (Rs. 22.3 crore as on October 16, 2023) and timely payments from counterparties. The entire capacity is commissioned and the revenues from the operational solar power projects are expected to adequately meet the debt servicing requirement and operational expenses. 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 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 ratings 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, pulling down the cumulative DSCR below 1.25 times. A weakening in the credit profile of PETRONAS and/or any weakening in the linkages with ultimate parent PETRONAS will also create pressure on the rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Solar Power Producers
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 ratings, ICRA has considered consolidated financials of 10 Amplus Cash pooling SPVs listed in Annexure II

About Amplus Sunshine

Amplus Sunshine 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 solar power project with a capacity of 15 MW at Dhar, Madhya Pradesh, commissioned in July 2019. The company has signed PPA with the group captive consumer - UltraTech Cement Ltd (UCL) for a period of 25 years from the COD. UCL holds 35% equity in the company to meet the captive requirements, while the balance stake is held by Amplus Energy Solutions Private Limited, which is wholly owned by Singapore-based Amplus Energy Solutions Pte. Ltd

About the company's in the Cash pooling structure

Under the cash pooling portfolio, there are 10 SPVs – Amplus Sunshine, Nay Energy Private Limited, Amplus Coastal Power Private Limited, Amplus Alpha Solar Private Limited, Wednesday Solar Private Limited, Sunroot Energy Private Limited, Amplus Poorva Private Limited, Amplus Venus Private Limited, Amplus Solar Power MH Private Limited, Amplus Dakshin Private Limited. The cash pooling SPVs are part of the Amplus Group, which is present in the solar sector in India and is backed by PETRONAS. The combined portfolio includes 87 solar projects with capacity of ~173-MW across 19 states in India (~22 MW under development). The company has signed PPAs with the various reputed commercial and industrial customers.

Key financial indicators (audited)

Consolidated – Amplus Cash pooling	CY2021	CY2022
Operating income	18.1	46.3
PAT	-7.3	-6.9
OPBDIT/OI	74.3%	80.5%
PAT/OI	-40.5%	-14.9%
Total outside liabilities/Tangible net worth (times)	6.9	3.8
Total debt/OPBDIT (times)	12.9	11.7
Interest coverage (times)	1.0	1.3

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

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on Sep 30, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Feb 09, 2024	Jan 06, 2023	Dec 28, 2021	Oct 22, 2020
1 Term Loan	Long term	33.13	32.75	[ICRA]AA(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)
2 Proposed unallocated limits	Long term			-	-	-	[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	CY2020	NA	CY2037	33.13	[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 financials of the 10 SPVs basis the presence of cash-pooling mechanism among these SPVs as part of their respective facility agreements

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