

Press Release

Tirunveli Solar Project Private Limited

November 15, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	294.00	ACUITE BBB- Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	294.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.294.00 Cr. bank facilities of Tirunveli Solar Project Private Limited (TSPPL). The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

About the Company

TSPPL incorporated in 2017 has set up a 100MW Solar PV project at Tuticorin district in Tamil Nadu by Mr. Mayank Sharma. TSPPL is a Special Purpose Vehicle (SPV) of Rays Power Infra Private Limited (RPIPL) and Shining Sun Power Private Limited (SSPPL). The EPC work for the project was done by RPIPL and the company achieved COD in January, 2020 for the entire capacity. The company has a Power Purchase Agreement (PPA) with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) for total of 100 MW capacity. In April 2022, the project was fully acquired by the Ayana Group from the earlier holding company.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of TSPPL and has factored managerial and financial support it will receive from ARPPL to arrive at the rating.

Key Rating Drivers

Strengths

>Strong managerial and financial support from Ayana Group

Ayana comprises of a highly experienced and professional management team, coupled with strong board oversight. Ayana is engaged in the development and management of 3.69 GW (as on March 2021) of committed, under-construction and operational solar, wind and hybrid projects

* Under-construction and committed portfolio of 2.4 GW capacity of projects already secured with sovereign off-takers and currently under various stages of construction

*Operational portfolio of 1.29 GW capacity of solar projects, out of this 550 MW capacity is greenfield solar projects in operational in AP and Bikaner, balance 740 MW capacity in Tamil

Nadu, Karnataka and Rajasthan are acquired brownfield solar assets.

The company received equity funding of USD 721 mn. NIIF(National Investment And Infrastructure Fund) is the majority stakeholder in Ayana along BII(British International Investment)and GGEF(Green Growth Equity Fund)as minority stakeholders.

>Low offtake risk due to presence of long term Power Purchase Agreement (PPA) with TANGEDCO

TSPPL has set up a 100MW Solar PV project at Tuticorin district in Tamil Nadu.The company has entered into a PPA with TANGEDCO for the entire supply of total of 100.00 MW solar power energy at the fixed tariff of Rs.3.47/KWh for Thenampatty plant for the period of 25 years.The presence of a long term fixed tariff agreement, thus, mitigates the offtake risk and provides long term revenue visibility

Weaknesses

> Susceptibility to regulatory risk

The company is exposed to regulatory risks associated with tariff rates and changes in government policies for solar plants. Further, any change in terms of PPA due to events such as renegotiation of rates by TANGEDCO will have an impact on the profitability and debt servicing metrics of the company.

>Changes in the credit profile of TANGEDCO

TSPPL is exposed to changes in the credit profile of TANGEDCO as TSPPL has entered into a PPA with TANGEDCO for 25 long years. Any sharp decline in the credit profile of TANGEDCO could impact its ability to meet the operational or financial commitments, which in turn could impact the cash flows of players like TSPPL. Hence, any major change in the credit profile of TANGEDCO will remain the key rating sensitivity.

>Operating performance to technology risk

The solar radiation levels in the plant location and degradation of PV modules impacts the power generation ability of the plant. In the event of faster than expected degradation, the generation of power could be impacted, thus affecting the revenues and cash flows of TSPPL.

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity Position Adequate

The liquidity of the company is marked adequate .The company had maturing debt obligation of 8.07 Cr as on 31st March 2022 and maintained cash and bank balances of Rs.21.29 crore as on March 31,2022. The current ratio of the company is marked adequate as it stood at 1.46 times as on 31 March, 2022. Also, support from the sponsor is expected in case of any requirement.

Outlook: Not Applicable

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	50.49	42.29
PAT	Rs. Cr.	(23.12)	14.82
PAT Margin	(%)	(45.78)	35.05
Total Debt/Tangible Net Worth	Times	2.57	2.17
PBDIT/Interest	Times	1.01	1.57

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 Jul 2022	Term Loan	Long Term	140.00	ACUITE BBB- (Issuer not co-operating*)
	Term Loan	Long Term	149.03	ACUITE BBB- (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	4.97	ACUITE BBB- (Issuer not co-operating*)
07 May 2021	Term Loan	Long Term	6.03	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	140.00	ACUITE BBB- Stable (Assigned)
	Proposed Bank Facility	Long Term	4.97	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	143.00	ACUITE BBB- Stable (Reaffirmed)
07 Sep 2020	Term Loan	Long Term	143.00	ACUITE BBB- (CE) Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	4.97	ACUITE BBB- Reaffirmed & Withdrawn
L&T Infrastructure Finance Company Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	149.03	ACUITE BBB- Reaffirmed & Withdrawn
Indian Renewable Energy Development Agency Ltd. (IREDA)	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	140.00	ACUITE BBB- Reaffirmed & Withdrawn

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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