



Press Release
SVARYU ENERGY LIMITED (ERSTWHILE REFEX ENERGY LIMITED) - ALPHA YIELD 023
May 06, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Securitised Debt Instruments (SDIs)	10.31	ACUITE D SO Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	10.31	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE D (SO)**' (read as **ACUITE D (Structured Obligation)**) to the Securitised Debt Instrument (SDI) of Rs. 10.31 Cr. issued by ALPHA YIELD 023 (Trust) under the securitisation transaction originated by SVARYU ENERGY LIMITED (ERSTWHILE REFEX ENERGY LIMITED) (The Originator).

Rationale for Rating

Acuite notes the delay in payment of interest which was due on 28th February 2025 for ALPHA YIELD 023 Trust (Securitized Debt Instrument) by SVARYU ENERGY LIMITED as intimated by the trustee.

Acuite would also like to highlight the non-creation of Cash Collateral as per the Final Term sheet as confirmed by the trustee. This has resulted in the non-existence of the Credit Enhancement structure with regards to the DSRA mechanism, i.e. Rs 1.5 Cr. in the form of FD (10.00 percent of the total value of PTCs) which was not created.

These SDI is backed by O&M receivables from NLC India Limited aggregating around Rs 40.27 Cr. for a tenure of 4 years out of original contract period of 15 years. The receivables are from two contracts entered between Svaryu Energy Limited and NLC India Limited (Acuite AAA) wherein the former will be providing O&M services for the solar plant. The SDI has observed an amortisation of 31.27 percent to Rs. 10.31 Cr. after March '25 payout.

As per the final term sheet the credit enhancement was available in the form of:

1. Cash collateral in the form of fixed deposit equivalent to 10.00 percent of the total value of SDIs to be issued.
2. Surplus cashflows in the form of receivables to the tune of 112.00 percent of the total dues including principal and interest to the SDI holders.

About the Originator

Mumbai based Svaryu Energy Limited (Erstwhile Refex Energy Limited) was incorporated in 2008 and is engaged into the turnkey solutions for Solar Photo Voltaic Power plants (EPC) and also provides O&M services for these power plants. SEL has obtained Power Trade (Category I trading inter-state electricity trading) license from CERC to Exchange Energy with various DISCOMs and Energy Producers & Aggregators. Mr. Arun Sumer Mehta, Mr. Rajeev Kumar Sharma, Mr. Bhaskar Devadasan Nair, Ms. Meghna Mahendra Savla and Mr. Santosh Ganpat Ambekar are the directors of the company.

Standalone Rating of the Originator (if rated by Acuite)

Originator is not rated by Acuite

About the Obligor (NLC India Limited)

Incorporated in November 1956, NLC India Limited (NLC; erstwhile Neyveli Lignite Corporation Limited), a Tamil Nadu based company, is an integrated power company having captive lignite and coalmines and a consolidated generation capacity of 6,061 MW. The company was awarded the 'Navratna' status in the year 2011, and it acts as a Nodal Agency for lignite mining appointed by the Ministry of Coal (MoC), with majority market share in lignite mining in the country. NLCIL serves as an important source of power generation to the states of Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Telangana, Rajasthan, and Union Territory of Puducherry. It operates four open cast lignite mines with current capacity of 30.1 MTPA, namely Mine I, Mine IA, Mine II and Barsingsar Mine. It also operates an open cast coalmine, Talabira II & III having current capacity of 20.0 MTPA.

NLC has lignite thermal power generation capacity of 3640 MW, with 4 pithead power plants at Neyveli, Tamil Nadu, 1 pithead power plant at Barsingsar, Rajasthan and a 1000 MW coal plant through JV (NTPL) in Tamil Nadu. The company also has solar energy capacity of 1370 MW and wind energy capacity of 51 MW. NLC operates on a cost-plus basis with electricity tariff determined by CERC and also the lignite transfer price is determined by CERC.

Assessment of the Pool

The receivables are not in the form of a pool. Hence, this section remains not applicable.

Credit Enhancements (CE)

As per the final term sheet the credit enhancement was available in the form of:

1. Cash collateral in the form of fixed deposit equivalent to 10.00 percent of the total value of SDI to be issued.
2. Surplus cashflows in the form of receivables to the tune of 112.00 percent of the total dues including principal and interest to the SDI holders.

Transaction Structure

The rating addresses the timely payment of principal on expected quarterly payment dates and interest on expected monthly payment dates in accordance with the transaction documentation. The transaction is structured at par.

Brief Methodology

Acuite takes into consideration the credit profile of NLC India Limited and Svaryu Energy Ltd., and the soundness of the legal structure. Accordingly, Acuite provides for the credit enhancement on account of cash collateral in the form of fixed deposit. However, Acuite would also like to highlight the non-creation of Cash Collateral as per the Final Term sheet as confirmed by the trustee. Acuite also considers the timely payment of principal and interest on expected monthly payment dates, in accordance with the transaction documentation.

Legal Assessment

The final rating is assigned based on the fulfilment of the structure, terms and covenants detailed in the executed trust deed, servicing agreement, legal opinion, assignment agreement and other documents relevant to the transaction.

Key Risks

Counter Party Risks

The payments to the SDI holders arise from receivables due through a single obligor. The counterparty risks in the transaction remain partly mitigated by the strong credit risk profile of NLC India Limited (ACUITE AAA).

Concentration Risks

The rating remains exposed to high concentration risks as the receivables i.e cashflow source are from a single obligor.

Servicing Risks

There is limited track record of servicing SDI, since this is one of the initial SDI transactions for the originator. Therefore, the servicing risk for the transaction remains high. The continuous and satisfactory performance of servicing the O&M contracts will remain a key rating monitorable. Any event which impinges the ability of the originator to service NLC India Limited (obligor) as per the contractual terms, shall also remain a key rating sensitivity.

Regulatory Risks

In the event of a regulatory stipulation impacting the bankruptcy remoteness of the structure, the payouts to the SDI holders may be impacted.

Prepayment Risks

Not applicable

Commingling Risk

While there is a time gap between the expected payout date and the due date for transfer to the payout account, this risk is mitigated by the existence of the trust with a designated escrow account overseen by the trustee.

Rating Sensitivity

- Continuous and satisfactory performance of servicing the O&M contracts with NLC India Limited; this is to be verified by an intimation from NLC India Limited on quarterly basis
- Any event which impinges the ability of the originator to service NLC India Limited (obligor) as per the contractual terms; these events include but are not limited to bankruptcy of originator; delay/defaults in

- servicing its financial creditors, etc.
- Any upward or downward movement in the overall credit profile of NLC India Limited
- Timeliness of the payouts made to the SDI holders
- Utilization of cash collateral

All Covenants

The following covenant is included in the transaction structure: On any given month during the tenure of the SDI, if the funds in the escrow account are insufficient to cover the interest and principal repayment to investors for any reason whatsoever, Svaryu will have an equal obligation to cover the difference and add such funds 10 days prior the SDI monthly distribution date. In case of any delay in repayment to SDI Holders, Svaryu will be liable to additionally pay an 18% p.a. delay penalty on the prorated number of days of delay.

All Assumptions

Acuité has considered a default rate as base case to arrive at the expected loss for the receivables being securitised. Acuite has further applied appropriate stress factors to the base figures to arrive at the final estimates and consequently the extent of credit enhancement required. The final estimates also consider the risk profile of the obligor and the originator and further factored in economic risks.

Liquidity Position

Poor

The liquidity position in the transaction is poor due to non-existence of the Credit Enhancement structure with regards to the DSRA mechanism, i.e. Rs 1.5 Cr in the form of FD (10.00 percent of the total value of SDI) which was not created.

Outlook: Not applicable

Terms of the Servicer Contract

The SDI is backed by O&M receivables from NLC India Limited aggregating around Rs 40.27 Cr. for a tenure of 4 years out of original contract period of 15 years. The receivables are from the contract entered between Svaryu Energy Limited, appointed as the 'Servicer' under the Servicer Agreement and NLC India Limited (Acuite AAA) wherein the former will be providing O&M services for the solar plant. The terms of service contract are as follows:

1. The monthly receivables of NLC India Limited will be routed through an Escrow Account. The client will be required to sign a tripartite agreement agreeing to remit the monthly payments to the Escrow Account. The Debenture Trustee will have the Escrow Account's operating rights to ensure complete transparency for the repayment to SDI holders.
2. All Monthly Receivables from the identified sub-tenants are first appropriated to the Interest and excess thereafter will be utilized for the repayment of the Principal Amount as per the repayment schedule. Any surplus funds after repaying the investors will be remitted by the Trustee from the Escrow Account to Svaryu.
3. The O&M charges in the Price break-up shall be paid on pro-rata quarterly basis on certification of work by the Project Manager at the end of every quarter.
4. The Servicer is required to transfer the amounts from the Escrow Account into the Collection and Pay-out Account to make the requisite Payouts to the Investors at least 5 (five) Business Days prior to the relevant Pay-outDate.

Provision for Appointment of Back-Up Servicer, if any

There is no provision for a back-up servicer.

Key Financials - NLC India Limited

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	13407.82	16497.70
PAT	Rs. Cr.	1867.32	1425.13
PAT Margin	(%)	13.93	8.64
Total Debt/Tangible Net Worth	Times	1.17	1.28
PBDIT/Interest	Times	2.82	2.56

Key Financials - Svaryu Energy Limited (Erstwhile Refex Energy Limited)

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Operating Income	Rs. Cr.	214.96	322.12
PAT	Rs. Cr.	9.65	7.58

PAT Margin	(%)	4.49	2.35
Total Debt/Tangible Net Worth	Times	0.54	0.63
PBDIT/Interest	Times	3.69	4.31

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Although Acuite requested an interaction with the Audit Committee the issuer entity was unable to arrange it.

Any Other Information

None

Status of disclosure of all relevant information about the Obligation being Rated

Public information

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.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Securitized Transactions: <https://www.acuite.in/view-rating-criteria-48.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>

Rating History - SDI

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 May 2024	Securitised Debt Instrument	Long Term	15.00	ACUITE D (SO) (Downgraded from ACUITE A (SO))
28 Dec 2023	Securitised Debt Instrument	Long Term	15.00	ACUITE A (SO) (Reaffirmed)
28 Nov 2023	Securitised Debt Instrument	Long Term	15.00	ACUITE A (SO) (Assigned)
01 Nov 2023	Securitised Debt Instrument	Long Term	15.00	ACUITE Provisional A (SO) (Assigned)

Rating History - Originator (if applicable):

Originator not rated by Acuite

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Securitised Debt Instrument	16 Nov 2023	12.50	23 Nov 2027	10.31	Highly Complex	ACUITE D SO Reaffirmed

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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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