



Press Release
ENGENDER DEVELOPERS PRIVATE LIMITED
May 03, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.24	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	4.24	-	-

Rating Rationale

Acuite has assigned the long-term rating of **ACUITE BBB- (read as ACUITE triple B minus)** on the Rs.4.24 Cr. bank facilities of Engender Developers Private limited (EDPL). The outlook is 'Stable'.

Rationale for rating assigned

The rating assigned takes into account the long-standing experience of Reflex group in renewable energy segment, presence of long term PPAs with multiple offtakers, strong payment track record from its off takers and diversified customer base and nominal geographical concentration risk. Further, the rating also considers the presence of cash pooling mechanism for servicing of debt obligations. However, the rating is constrained by modest financial risk profile and susceptibility of power generation to climate risk.

About Company

Tamil Nadu based, Engender Developers Private Limited was incorporated in 2016. The Company engaged to act as a special purpose vehicle for the limited purpose to develop, execute, manage and run solar power generation project. It is promoted by Mr. Sachin Navtosh Jha, Mr. Patrik Vijay Kumar Francis Arun Kumar and Mr. Thirunavukarasu Manikandan.

About the Group

Sherisha Group (SG) comprises of four SPVs namely ENGENDER DEVELOPERS PRIVATE LIMITED, SHERISHA ROOFTOP SOLAR SPV THREE P, RIVATE LIMITED, SHERISHA SOLAR SPV TWO PRIVATE LIMITED and STPL HORTICULTURE PRIVATE LIMITED. Directors of these SPVs are Mr. Patrik Vijay Kumar Francis Arun Kumar, Mr. Sunny Chandrakumar Jain, Ms. Latha Venkatesh Mr. Pillappan Amalanathan, Mr. Thirunavukarasu Manikandan, Mr. Maharshi Maitra, Mr. Kalpesh Kumar and Mr. Sachin Navtosh Jha.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of Engender Developers Private Limited, Sherisha Rooftop Solar SPV Three Private Limited, Sherisha Solar SPV Two Private Limited, and STPL Horticulture Private Limited, considering the cash pooling mechanism and cross-default between the four entities. In the event of any shortfall in meeting the debt obligations of any of the entities, the other SPVs have to share their surplus cash flows with each other after servicing their respective operational and debt obligations, in accordance with the trust and retention account waterfall structure.

Key Rating Drivers

Strengths

Extensive experience of the management and established presence in renewable energy segment

Sherisha group (SG) comprises of four SPVs which are part of Refex group. Refex group is involved in business of Refrigerant Gases, Renewable Energy Utility Grade EPC projects, O&M of Solar Power Plants, Solar IPP businesses & Ash Disposal Management, Power Trading and Trading of Coal. Refex group has commissioned ~1 GW projects under differing conditions in Tamil Nadu, Maharashtra, Gujarat, Uttar Pradesh, Andhra Pradesh and Rajasthan. Refex Group follows conservative approach towards its capital management and manages the operations majorly through equity and internal accruals. SG entered into 25 years long term purchase power agreements (PPA) with around 70 off takers mitigating both demand and price risk associated with the projects. PLF of projects under the four SPVs remained in the range of 15 to 20 percent in FY24 and FY23. Since all the four SPVs are integral part of the Refex Group, is expected to manage the O&M activity, which will ensure efficient operational metrics of the SG.

Acuité believes that the presence of strong management, assured off-take, a long-term PPA, and moderate counterparty receivable risk keeps the business risk profile moderate and stable over the medium term.

Low geographical and customer concentration risks

SG has total installed capacity of 13.07 MWs installed across locations of 70 off takers with PPA arrangements for 25 years with all the off takers. Projects under SG are spread across India depicting low geographical concentration risk. SG off takers are mixture of both public and private entities depicting low customer concentration risk.

Presence of structured payment mechanism

The bank facilities availed by SG are backed by a Debt Service Reserve Account (DSRA) in the form of a fixed deposit, equivalent to two quarter's interest and principal for servicing the debt obligation. In addition, the bank facilities are supported by separate trust and retention account (TRA) for each SPV, through which all receipts from the SPVs shall be routed. Further, there is a cash sweep clause, which allows the lender to utilise the surplus amount in the TRA account towards the prepayment of the debt undertaken by the company. Furthermore, there is a co obligor structure which allows to fill the shortfall in debt repayment in any of the SPV by other SPVs in Sherisha group (SG).

Acuité believes that the lender derives comfort from the structure envisaged to ensure timely repayment of the debt obligations over the medium term.

Weaknesses

Moderate financial risk profile

The financial risk profile of the SG is moderate considering high gearing, moderate networth and coverage ratios. The gearing of the group stood high at 6.01 times as on March'23 as against 4.58 times as on March'2022. The total debt of the group stood at Rs.53.58 Cr as on March 31st 2023. It consists of long term debt of Rs.19.45 Cr, unsecured loans of Rs.32.91 Cr and current portion of long term debt (CPLTD) of Rs.1.23 Cr. However, SG's cash flows are adequate enough to service its debt obligations. Acuité believes that the financial risk profile

of the company will remain stable over the medium term on account of the stable operating performance of the solar plant over the years.

Susceptibility of operating performance to climatic risks

The performance of the solar plant is highly dependent on favourable climatic conditions, including solar radiation levels, which have a direct impact on the plant load factor (PLF). Acuité believes that the company's business profile and financial profile can be adversely impacted by the presence of inherent climate risk and regulatory risk in any instances of tariff revision.

Rating Sensitivities

- Substantial improvement in PLF while maintaining profitability margins over the medium term.
- Sustainable improvement in Leverage and Solvency position of the group.
- Significant deterioration in the operating performance of the plant leading to lower than expected PLF.
- Delays in receivables from the off takers, leading to a deterioration in working capital cycle and liquidity profile of the group.

Liquidity Position: Adequate

SGs liquidity is adequate marked by moderate generation of net cash accruals to its maturing debt obligations. The liquidity position of the company is adequate also on account of presence of secured payment mechanism with Trust and retention account to monitor the cash flows generated from the projects, presence of waterfall mechanism, presence of 2-quarters equivalent Debt Service Reserve Account (DSRA) in the form of a fixed deposit for interest and principal repayment obligation coupled with moderate DSCR expected until FY2038.

Outlook: Stable

Acuité believes that SG will continue to benefit over the medium to long term on account of long track record of operations, experience of the management in the industry, long term PPA with its off takers and presence of structured payment mechanism. The outlook may be revised to 'Positive', in case of sustainable improvement in PLF resulting in higher power generation, or prepayment of debt leading to higher-than-expected revenues and profitability with improvement in financial risk profile and capital structure. Conversely, the outlook may be revised to 'Negative' in case SG registers lower PLF, or high O&M expenses leading to lower-than-expected revenues and profitability or any significant stretch in its working capital management.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	6.11	4.78
PAT	Rs. Cr.	(4.38)	(8.11)
PAT Margin	(%)	(71.67)	(169.72)
Total Debt/Tangible Net Worth	Times	6.01	4.58
PBDIT/Interest	Times	1.62	0.39

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

None

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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 :

Not applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Tata Cleantech Capital Limited	Not avl. / Not appl.	Term Loan	06 Feb 2023	Not avl. / Not appl.	05 Feb 2038	Simple	4.24	ACUITE BBB- Stable Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

1. ENGENDER DEVELOPERS PRIVATE LIMITED
2. STPL HORTICULTURE PRIVATE LIMITED
3. SHERISHA ROOFTOP SOLAR SPV THREE PRIVATE LIMITED
4. SHERISHA SOLAR SPV TWO PRIVATE LIMITED

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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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