



Press Release

Sun N Wind Infra Energy Private Limited

April 07, 2021

Ratings:

| Instrument / Facility | Amount (INR Crore) | Ratings | Rating Action |
|--|--------------------|--|---------------|
| Long Term Fund Based Bank Facilities – Term Loan | 37.00 | IVR BB+/Stable (IVR Double B Plus with Stable Outlook) | Assigned |
| Total | 37.00 | | |

Details of Facilities are in Annexure 1

Detailed Rationale:

The aforesaid ratings assigned to the bank facilities of Sun N Wind Infra Energy Private Limited derives strength from availability of Long term PPA with state Discoms, Satisfactory operating track record, Government's thrust on solar energy and Escrow arrangement & maintenance of DSRA. The rating however is constrained by project-related risks and single asset nature of operations.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in CUF and DSCR.

Downward Factors

- Any decline in plant efficiency leading to reduction in CUF impacting the profitability on a sustained basis.
- Significant delays in receipt of payments from state Discoms.

Key Rating Drivers with detailed description

Key Rating Strengths:

Availability of Long term PPA with state Discoms:

The 10 MW AC capacity of the project has been tied up with Uttar Pradesh Power Corporation Ltd (UPPCL) under a power purchase agreement (PPA) for 12 years (which can be expended up-to 25 years) at a tariff of Rs.9.27/Unit ensures stable revenue visibility. Also,



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presence of robust payment security mechanism in PPA with UPPCL limits the counterparty risk.

Satisfactory operating track record of the plant since commissioning:

The average capacity utilisation factor (CUF) was at 19.85% in FY20 and remain at around 20% in the last three years ended 9MFY21. The company is proactive in doing the repairs & refurbishment of the plant leading to maintain its efficiency.

Government's thrust on solar energy:

The Government of India has provided a thrust on developing renewable energy generation including solar power. The Ministry of New and Renewable Energy (MNRE) has set an ambitious target to set up renewable energy capacities to the tune of 175 GW by 2022 of which about 100 GW is planned for solar.

Escrow arrangement & maintenance of DSRA:

Escrow account maintained where proceeds from UPPCL are credited and the amount credited is utilised as per the ring fencing of the cash flows. The company maintains a DSRA equivalent to 2 months of debt servicing (Interest + Instalment). The amount in the DSRA account as on March end 2020 is INR2.51 crore (March end 2019: INR2.36 crore) which will support timely debt servicing in case of any delay in payments from its sole offtaker.

Key Rating Weaknesses:

Project-related Risks:

There is always an inherent generation risks in a renewable project.

Single asset nature of operations:

The company is entirely dependent on power generation from the solar power project for its revenue and cash accruals. Given the single asset-nature of the tariff, the company may lose revenues and profits in case of non-generation of power. The single location and single asset nature of its operations increase this risk, though the same is mitigated to an extent by the operational track record of the plant since its COD in 2016.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies



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Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity – Adequate

The Company has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The company maintains a DSRA of 2 months debt servicing.

About the Company:

Incorporated in 2015 Sun N Wind Infra Energy Private Limited is into solar power generation with its plant situated in Lalitpur. The total capacity of the plant is 11.5 MW for DC / 10 MW for AC.

Financials: Standalone

(INR Crore)

| For the year ended/ As On* | 31-03-2019 | 31-03-2020 |
|----------------------------|------------|------------|
| | (Audited) | (Audited) |
| Total Operating Income | 16.05 | 15.87 |
| EBITDA | 10.46 | 10.13 |
| PAT | (1.31) | 0.52 |
| Total Debt | 73.24 | 69.02 |
| Tangible Net-worth | (3.95) | (3.43) |
| Ratios | | |
| EBITDA Margin (%) | 65.17 | 63.86 |
| PAT Margin (%) | (8.07) | 3.25 |
| Overall Gearing Ratio (x) | (18.55) | (20.13) |

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

Brickworks Ratings vide its press release dated November 25th, 2020 has classified the case under Issuer Not Co-operating category on account of non-submission of relevant information.

Any other information: NA

Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2021-22) | | | Rating History for the past 3 years | | |
|---------|-------------------------------|--------------------------------|--------------------------------|--------|--|---|---|
| | | Type | Amount outstanding (INR Crore) | Rating | Date(s) & Rating(s) assigned in 2020- 21 | Date(s) & Rating(s) assigned in 2019-20 | Date(s) & Rating(s) assigned in 2018-19 |



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|----|--|-----------|-------|-----------------|----|----|----|
| 1. | Long Term Fund Based Bank Facilities – Term Loan | Long Term | 37.00 | IVR BB+/ Stable | -- | -- | -- |
|----|--|-----------|-------|-----------------|----|----|----|

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities:

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (INR Crore) | Rating Assigned/ Outlook |
|--|------------------|------------------|---------------|------------------------------|--------------------------|
| Long Term Fund Based Bank Facilities – Term Loan | -- | -- | Upto Mar 2029 | 37.00 | IVR BB+/ Stable |

