



Press Release

Svarog Global Power Private Limited

Sept 06, 2022

Ratings

Sl. No.	Type of Facility	Rated Amount (Rs Cr.)	Ratings	Rating Action	Complexity Indicator
1	Long Term Bank Facilities	42.95	IVR BB/ Stable (IVR Double B with Stable Outlook)	Assigned	Simple
Total		42.95 (Rupees Forty-Two Crore and Ninety Five Lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Svarog Global Power Private Limited factors in the Experienced promoters, availability of long term PPA with a Government body ensuring revenue visibility and government's thrust on solar energy.

The ratings, however, are constrained by modest scale of operations with moderate capital structure, dependence on climatic conditions, any probable exposure to delays in payments from counterparty.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in the revenue and cash accruals while maintaining the debt protection metrics and improvement in capital structure and liquidity.

Downward Factors

- Decline in the revenue and/or profitability leading to deterioration in liquidity position and impairment in debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

Mr. Chiranjeev Singh Saluja, Mr. Karthik Polsani, Mr. Sudhir Moola and Ms. Jasveen Kaur are the Directors of the Company, and all the directors are well qualified having decades of experience in the industry.

- **Availability of Long term PPA with a Government body ensures revenue visibility**

The company has entered a long-term PPA with Uttarakhand Jal Vidyut Nigam Limited. This agreement indicates the assured off-take of power by Uttarakhand Jal Vidyut Nigam Limited at a fixed tariff for 25 years (PPA valid up to 2042), which indicates long-term revenue visibility for the company.

- **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 450 GW by 2030.



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Key Rating Constraints

- **Modest scale of operations with moderate capital structure**

The company registered a slight decline in its PAT margin to 21.14% in FY22(P) compared to 22.07% in FY21. SGPPL capital structure remained moderate marked by overall gearing at 1.20x as on March 31,2022(P) against 1.41x as on March 31,2021. The total indebtedness of the company as reflected by TOL/ANW slightly improved from 1.42x as on March 31, 2021, to 1.21x as on March 31, 2022(P).

- **Dependence on climatic conditions**

The industry is weather dependent. Only those areas that receive good amount of sunlight are suitable for producing solar energy. During daytime, the weather may be cloudy or rainy, with little or no sun radiation. This makes solar energy panels less reliable as a solution.

- **Exposure to delays in payments from counterparty**

The company's operations are exposed to the likelihood of delayed payments from Uttarakhand Jal Vidyut Nigam Limited. Any variation in the credit profile of Uttarakhand Jal Vidyut Nigam Limited or delays in payments by UJVNL is a potential risk factor and is to be monitored.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)



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Liquidity: Adequate

The liquidity position of the company is expected to remain adequate characterized by gross cash accruals of Rs.6.15 Crore in FY22 (Prov.). The current ratio remained adequate at 1.29x respectively as on March 31, 2022 (prov.). However, the company's cash and bank balance have been low at Rs.0.31 Crore as of March 31, 2022 (Prov.). Operating Cycle remained comfortable at 52 days as on 31 Mar 2022 (Prov.).

About the Company

M/s. Svarog Global Power Pvt Ltd was incorporated on 04th May 2010 under the companies Act 1956, with the main objective of generating Renewable Energy in India. SGPPL owns and operates 15.5 MW of solar power plants for Uttarakhand Jal Vidyut Nigam Limited.

Financials (Standalone):

For the year ended* / As on	INR in Crores		
	31-03-2020	31-03-2021	31-03-2022
	Audited	Audited	Provisional
Total Operating Income	14.78	14.22	13.40
EBITDA	10.47	12.14	11.15
PAT	1.62	3.22	2.86
Total Debt	46.71	48.14	44.61
Tangible Net worth (Adjusted)	31.03	34.25	37.11
EBIDTA Margin (%)	70.80	85.32	83.22
PAT Margin (%)	10.84	22.07	21.14
Overall Gearing ratio (X) (Adjusted)	1.51	1.41	1.20

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: N.A.

Any other information: N.A.



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Rating History for last year:

Sr. No.	Name of Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding/Proposed (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loan (Outstanding)	Long Term	39.92	IVR BB/ Stable	-	-	-
2.	GECL (Outstanding)	Long Term	3.03	IVR BB/ Stable	-	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

S. No.	Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Cr.)	Rating Assigned/ Outlook
1	Term Loan (2263-Proj Number)	-	-	Dec 2028	33.76	IVR BB/ Stable
2	Term Loan (2370-Proj Number)	-	-	July 2026	2.58	IVR BB/ Stable
3	Term Loan (2263-CI)	-	-	Mar 2026	3.58	IVR BB/ Stable
4	Term Loan (2263-GECL)	-	-	Mar 2025	3.03	IVR BB/ Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Svarog-Global-sep22.pdf>

Annexure 4: Detailed explanation of covenants of the rated facilities: Not Applicable

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.