Swiss Park Vanijya Private Limited (SPVPL)

October 09, 2023

Ratings:

Instrument / Facility	Amount (INR Crore)	Ratings	Rating Action	Complexity Indicator
Long Term- Fund Based Bank Facilities	37.67 (Reduced from Rs.39.83 crore)	IVR A+ / Stable (IVR Single A Plus with Stable Outlook)	Reaffirmed	Simple
Total	**37.67**	**Rupees Thirty Seven crore and Sixty Seven Lakh Only**		

Details of Facilities are in Annexure 1

Detailed Rationale:

The affirmation of ratings to the bank facilities of Swiss Park Vanijya Private Limited(SPVPL) continues to factors the experienced promoters and operational track record of the plant and location advantage along with healthy profitability margins, financial risk profile marked by comfortable capital structure and debt coverage indicators. The rating further continues to derive comfort from applicability of Long term PPA with a Government body ensures revenue visibility and relatively lower counterparty credit risks followed by satisfactory track record of payment from NVVN with structured repayment mechanism and availability of DSRA and Government's thrust on solar energy.

The rating however is constrained by the vulnerability of power generation due to variation on climatic conditions and exposure to delays in payments from counterparty.

Key Rating Sensitivities:

Upward Factors:

- The rating may move upward if there is a substantial reduction in the non-current investments, long-term loans and advances in group and related Companies.

Downward Factors:

- The rating may move downward if there is a substantial decrease in power unit generation leading to declining revenues and profitability, a substantial increase in the non-current investments, and long-term loans and advances, and any adverse regulatory changes in the renewable energy sector in the state.
- Any consistent delays in receipt of payment from off taker.

Key Rating Drivers with detailed description

Key Rating Strengths:

Experienced promoters and operational track record of the plant and Location Advantage

The directors of the Company are well qualified and having sufficient experience in the relevant industry. Mr. Shailesh Jalan who is Managing Director of the Company has over 3 decades of total experience and 14 years of experience in this industry. The plant commenced commercial operations in October 2011 and has a demonstrated track record of a satisfactory level of unit generation for the last 12 years. The company is able to generate 92.81 Lakhs units in FY23 as against 90.49 Lakhs units in FY22. The company benefits from the location of its plant in Rajasthan, which receives an adequate solar radiation.

Healthy profitability margins

The company EBITDA margin though fluctuated however continued to remain healthy in range of 65.48%-88.92% during FY21-FY23(Prov.) due to slight variation in actual plant load factor(PLF) ranging from 20.67%-21.22% during the same period.

The PAT margin of the company moderated to 9.98% in FY23(Prov) viz-a-viz 16.88% in FY22 and 23.31% in FY21 respectively owing to applicability of MAT credit entitlement and deferred tax liability.

Comfortable capital structure and moderate debt protection metrics

The capital structure marked by Long Term Debt/Equity at 0.67x, overall gearing at 0.67x and TOL/TNW at 0.73x as on March 31, 2023 and the ratio has marginally improved from 0.79x long term debt/equity, 0.79x overall gearing and 0.86x TOL/TNW as on March 31, 2022 respectively due to scheduled repayment of debt. The debt coverage ratio marked by total debt to GCA moderated from 4.69x in FY22 to 4.92x in FY23 due to lower cash accrual as on balance sheet date.

Further, interest coverage ratio remained comfortable at 2.62x in FY23 viz-a-viz 2.65x in FY22 on account of healthy operating profits.

Applicability of Long term PPA with a Government body ensures revenue visibility and relatively lower counterparty credit risks

The company has entered a long-term PPA with NVVN (NTPC Vidyut Vyapar Nigam Limited) .This agreement indicates the assured off-take of power by NVVN at a fixed tariff for 25 years (PPA valid up to 2036), which indicates long-term revenue visibility for the company. The company has received an LC from NVVN against future receivables of around 1 month.

Satisfactory track record of payments from NVVN

As per the PPA terms, NVVN has to make payments to the company within 90 days from the bill submission. NVVN has been complying with this requirement, and payments have usually come within agreed time frame.

Structured repayment mechanism and applicability of DSRA

The company is maintaining an escrow account with Central Bank of India, and all the project cash flows are routed through this account. In addition, the company has to maintain DSRA of Rs.2.72 crore as specified in the terms of the sanction. This provides an adequate margin of safety for its current and future debt obligations.

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.

Key Rating Weaknesses:

Higher exposure to group or related companies

During the last three years, the company reported higher exposure to its group or related companies. The Company has high long-term loans and advances at Rs. 27.45 crore as on March 31, 2022 and Rs. 29.29 crore in FY23 (Prov). Further, SPVPL exposure in group and associate concern remained modest at Rs.18.39 crore in FY23 as against Rs.22.34 crore in FY22.

Vulnerability of power generation due to variation 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.

Exposure to delays in payments from counterparty

The company's operations are exposed to the likelihood of delayed payments from NVVN. Any variation in the credit profile of NVVN or delays in payments by NVVN is a potential risk.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology of Infrastructure Companies
Policy on Default Recognition
Financial Ratios & Interpretation (Non-Financial Sector)
Criteria for rating outlook

Liquidity-Adequate

The liquidity of the Company expected to remains adequate marked by the sufficient cash accruals vis a vis debt repayment. Further current ratio remains at 2.26x as on March 31, 2023 (FY22: 2.11x). The cash and Bank balance stood at Rs.0.61 crore in FY23. The company working capital bank line stood nil as on balance sheet date.

About the Company:

Swiss Park Vanijya Private Limited is a Private Limited(SPVPL) was incorporated in December 21, 1992 and commenced its business operation from October 14, 2011. SPVPL has registered office in Kolkata and corporate office in Mumbai. The company was earlier engaged in share trading and investment activities. The company has subsequently diversified its operations to solar power generation and commissioned a 5 MW grid-connected solar photovoltaic power project in Rajasthan.

Financials: Standalone

For the year ended / INR. Crore*	31-03-2021	31-03-2022	31-03-2023
	Audited	**Audited**	**Provisional**
Total Operating Income	16.47	16.21	16.48
EBITDA	14.65	12.73	10.79
PAT	3.89	2.86	1.77
Total Debt	47.77	42.96	37.87
Tangible Net Worth	45.94	48.80	50.57
Ratios			
EBITDA Margin (%)	88.92	78.52	65.48
PAT Margin (%)	23.31	16.88	9.98
Overall Gearing Ratio (x)	1.04	0.88	0.75

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (July 12th, 2022)	Date(s) & Rating(s) assigned in 2021-22	Date(s) &Rating(s) assigned in in 2020-21
1.	Term Loan	Long Term	37.67	IVR A+/ Stable	IVR A+/ Stable	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

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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
Term Loan	-	-	September 2029	37.67	IVR A+/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-SwissPark-oct23.pdf

Annexure 4: Detailed explanation of covenants of the rated instrument/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