



Press Release

Svaryu Energy Limited (SEL)

[Erstwhile Refex Energy Limited]

August 08, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Cash Credit	5.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Assigned	Simple
Long Term Fund Based Bank Facilities – Proposed Cash Credit	35.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Assigned	Simple
Short Term Non-Fund Based Bank Facilities – LC/BGs	29.20	IVR A3+ (IVR A Three Plus)	Assigned	Simple
Short Term Non-Fund Based Bank Facilities – proposed LC/BGs	50.80	IVR A3+ (IVR A Three Plus)	Assigned	Simple
Total	120.00			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Svaryu Energy Limited (SEL) derive comfort from experienced promoters & long track record of operations, proven project execution capability and comfortable capital structure and debt protection metrics. However, these rating strengths remain constrained by high project and customer concentration and high competition in EPC segment.

Key Rating Sensitivities:

Upward Factors

- Significant growth in its scale of operations while maintaining profitability.
- maintaining a prudent working capital cycle and adequate liquidity position.

Downward Factors



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- Significant decline in the company's scale of operations due to delays in order execution or decline in the profitability.
- elongated working capital cycle and weakening liquidity profile of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters & Long track record of operations

Incorporated in 2008, Svaryu Energy Limited (SEL) [Erstwhile Refex Energy Limited] has established track record of over 15 Years in the Solar EPC domain. Further Mr. Arun Mehta is the Promoter of the Svaryu Energy Limited. He is responsible for the Project Management, Execution and overall Operations. Mr. Mehta has built a professional Management Team to handle the Projects and Customer delivery. He is an Engineering graduate from Purdue University, USA.

Proven project execution capability

Over the years, the company has successfully completed many projects across the country for reputed customers and government. In order to manage the projects in a better way, the company handles limited number of projects at a time to ensure timely completion. The repeat orders received from its clientele validate its capabilities. Further since 2008 SEL has completed solar power projects with installed capacity of roughly 688 megawatts (MW) and 435 MW that are now in various stages of completion.

Comfortable capital structure and debt protection metrics

The company has a comfortable capital structure marked by overall gearing ratio of 0.22x as on March 31, 2023. The total debt majorly comprises of unsecured loan taken from promoters and related parties. Further the company's debt protections parameters are also comfortable, marked by interest coverage ratio of 4.68x as on March 31, 2023.

Key Rating Weaknesses

High project and customer concentration



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The company remains highly dependent on few customers or projects for its revenues as the total unexecuted order book comprises large-sized orders. Any slowdown in project execution may result in lower billing and profitability for the company.

High competition in EPC segment

SEL is a mid-sized operator in the fiercely competitive construction sector, where projects are chosen based on the bidder's financial strength, necessary experience, and most appealing price. Because there are many contractors, there is intense competition, which leads to aggressive bidding that reduces margins. In the medium run, meanwhile, it is anticipated that the government's focus on renewable energy will be beneficial for builders like SEL.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria on Rating Outlook](#)

Liquidity – Adequate

The Company has been earning a comfortable level of GCA for the last few years and the same is expected to increase further with increase in scale of operations. The company maintains sufficient cash and bank balance to meet its liquidity requirements. As at March 31, 2023, the company had unencumbered cash & balance of Rs.3.06 Crore. The current ratio stood healthy at 2.45x in FY23.

About the Company

Incorporated in 2008, Svaryu Energy Limited (SEL) [Erstwhile Refex Energy Limited] provides turnkey solutions from concept to commissioning for solar Photo Voltaic power plants and also provides operation and maintenance services for these solar power plants throughout the lifetime of the project for clients seeking to build grid connected utility and rooftop plants and off grid solar PV plants and systems.

Financials (Standalone):



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For the year ended/ As on*	INR in Crore	
	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Operating Income	308.94	322.12
EBITDA	16.55	21.56
PAT	7.18	8.55
Total Debt	21.26	55.32
Tangible Networth	100.95	135.32
EBITDA Margin (%)	5.36	6.69
PAT Margin (%)	2.31	2.64
Overall Gearing Ratio (x)	0.21	0.22

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

Brickwork Ratings has migrated the rating of SEL to Issuer not-cooperating vide press release dated March 30, 2023.

Any other information: Not Applicable

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 (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based Bank Facilities – Cash Credit	Long Term	5.00	IVR BBB/ Stable	-	-	-
2.	Fund Based Bank Facilities – Proposed Cash Credit	Long Term	35.00	IVR BBB/ Stable	-	-	-
3.	Non-Fund Based Bank Facilities – LC/BGs	Short Term	29.20	IVR A3+	-	-	-
4.	Non-Fund Based Bank Facilities – proposed LC/BGs	Short Term	50.80	IVR A3+	-	-	-



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About Infomerics:

Infomerics Valuation and Rating Private Limited (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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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
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Long Term Fund Based Bank Facilities – Cash Credit	-	-	-	5.00	IVR BBB/Stable
Long Term Fund Based Bank Facilities – Proposed Cash Credit	-	-	-	35.00	IVR BBB/Stable
Short Term Non-Fund Based Bank Facilities – LC/BGs	-	-	-	29.20	IVR A3+
Short Term Non-Fund Based Bank Facilities – proposed LC/BGs	-	-	-	50.80	IVR A3+

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-svaryu-aug23.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.