

Rating Advisory

November 30, 2019 | Mumbai

Alex Astral Power Private Limited

Advisory as on November 30 2019

This rating advisory is provided in relation to the rating of Alex Astral Power Private Limited

The key rating sensitivity factors for the rating include:

- PLF
- Delay in receipt of payment from Gujarat Urja Vikas Nigam Ltd (GUVNL)
- Capital expenditure (capex) plans and their funding

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Alex Astral Power Private Limited (AAPPL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If AAPPL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About the Company

AAPPL, part of the Sureka Family Alex group of companies, was incorporated in October 2009, to produce solar power in Gujarat under the Gujarat Solar Policy. The 25 MW photovoltaic solar plant in Charanka, Gujarat, was set up at a capital outlay of Rs 400 crore, funded by debt and equity at a ratio of 2.33:1. The unit was commissioned in March 2012.

Please note: This advisory should not be construed as a rating reaffirmation.

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Rating Rationale

December 26, 2018 | Mumbai

Alex Astral Power Private Limited

Rating Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.180 Crore
Long Term Rating	CRISIL A-/Stable (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its rating on the bank loan facilities of Alex Astral Private Limited (AAPL) at CRISIL A-/Stable

The rating reflects AAPPL's stable business risk profile and comfortable financial risk profile. These strengths are partially offset by exposure to regulatory risks and dependence on climatic conditions for power generation.

Key Rating Drivers & Detailed Description

Strengths

* **Stable business risk profile:** The 25 megawatt (MW) solar project was commissioned in March 2012, and a 25-year power purchase agreement (PPA) was signed with Gujarat Urja Vikas Nigam Ltd (GUVNL) at a fixed tariff of Rs 15 per unit for the first 12 years and Rs 5.0 per unit thereafter. The PPA and assured offtake lend stability to AAPPL's business risk profile

* **Comfortable financial risk profile:** The financial risk profile of the company stands augmented on account of provisions of debt service reserve account (DSRA) Further, the company also has a policy of maintaining liquidity over and above the DSRA requirement. The company has a comfortable DSCR of about 1.30 times over the tenure of the loan. Debt protection metrics should remain moderate driven by long-term loans, along with stability in revenue and healthy profitability.

Weakness

* **Exposure to regulatory risks and dependence on favourable climatic conditions for power generation**

Although AAPPL has reported healthy PLF of over 19% for the 36 months through June 2018; its sustenance will remain a key rating sensitivity factor. AAPPL remains exposed to regulatory risk such as change in tariff rates by regulators. Any adverse change in tariff rate will be detrimental to AAPPL's credit risk profile. Also the successful track record of solar panel efficiency depends on exogenous factors, and hence, actual PLF over the medium term will remain a key rating sensitivity factor

* **Liquidity:** The liquidity risk profile of the company continues to remain comfortable on account of healthy debt service coverage ratio throughout the tenure of the loan. The unencumbered cash and balances as on March 2018 remained at Rs 19.73 crore.

Outlook: Stable

CRISIL believes AAPPL will maintain a stable business profile, backed by its 25-year PPA with GUVNL. The outlook may be revised to 'Positive' if high plant load factor strengthens the overall business risk profile of the company. Conversely, the outlook may be revised to 'Negative' if low accrual, or any sizeable debt-funded capital expenditure weakens financial risk profile, particularly liquidity

About the Company

AAPPL, part of the Sureka Family Alex group of companies, was incorporated in October 2009, to produce solar power in Gujarat under the Gujarat Solar Policy. The 25 MW photovoltaic solar plant in Charanka, Gujarat, was set up at a capital outlay of Rs 400 crore, funded by debt and equity at a ratio of 2.33:1. The unit was commissioned in March 2012.

Key Financial Indicators

Particulars	Unit	2018	2017
Revenue	Rs. Cr.	60.31	62.67
Profit after tax (PAT)	Rs. Cr.	1.30	2.63
PAT margin	%	2.20	4.20
Adjusted debt/Adjusted networth	Times	3.16	3.72
Interest coverage	Times	2.58	2.29

Status of non cooperation with previous CRA

AAPL has not cooperated with India Ratings and Research (Ind-Ra) and Brickwork Ratings India Private Limited which has classified it as issuer not cooperative vide release dated August 23rd 2018 & May 2nd, 2018 respectively. The reason provided by India Ratings and Research (Ind-Ra) and Brickwork Ratings India Private Limited is non-participation in the rating exercise despite continuous follow-up by the agency.

Any other information: Not applicable

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Rating assigned with outlook
NA	Long Term loan	NA	NA	31-Oct-2032	176.04	CRISIL A-/Stable
NA	Proposed Long Term Bank Loan facility	NA	NA	NA	3.96	CRISIL A-/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2018 (History)		2017		2016		2015		Start of 2015
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	180.00	CRISIL A-/Stable			28-09-17	CRISIL A-/Stable			03-09-15	Suspended	CRISIL BB/Stable

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Long Term Loan	176.04	CRISIL A-/Stable	Long Term Loan	180	CRISIL A-/Stable
Proposed Long Term Bank Loan Facility	3.96	CRISIL A-/Stable	--	0	--
Total	180	--	Total	180	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

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