

SUNRIDGE GREEN ENERGY ONE PRIVATE LIMITED

December 27, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	22.35	CARE BBB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facility of Sunridge Green Energy One Private Limited (SGEOPL) factors in presence of long-term power purchase agreement (PPA) with Maharashtra State Electricity Distribution Company Limited (MSEDCL) for 25 years from COD at a fixed tariff of Rs 3.29 per unit providing revenue visibility. Underlying PPA has enabling clauses such as compensation to the developer in case of grid unavailability and backdown which act as necessary safeguards. The project is operational in nature (COD of entire capacity in September 2023) mitigating execution risk typically associated with under construction projects. and the project has a track record of generation of 14 months. SGEOPL has set up a 5 MW_{AC} (7 MW_{DC}) solar power project in Maharashtra, which was awarded through competitive bidding route under Mukhya Mantri Saur Krushi Vahini Yojana (MSKVY) 1.0 program.

While the project has been operational for 14 months, the generation has been lower than the P90 PLF estimates due to stabilization issues in initial months after COD and transformer damage in the current financial year. The rating is constrained by limited operational track record of less than one year and leveraged capital structure considering debt funded capex incurred for setting the project. Consequently, the company remains exposed to interest rate fluctuation risk given floating interest rate on the term debt. CARE Ratings Limited (CARE Ratings) also factors in exposure of project cash flows to adverse variations in weather conditions given single part tariff for the project. The rating is also constrained by counter party credit risk considering exposure to MSEDCL which has moderate financial profile although the payment has been timely in the recent past.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Actual generation levels being in line with estimated P-90 figures along with receivable cycle remaining below 60 days on a sustained basis resulting in strong liquidity position.
- Faster than expected deleveraging

Negative factors

- Any significant underperformance in generation and/or any increase in the debt levels of the entity thereby weakening the cumulative DSCR on project debt to less than 1.15x times, on a sustained basis.
- Non-adherence to the power purchase agreement (PPA) terms by the off-taker.
- Deterioration in credit risk profile of the off-taker or significant elongation in collection period to 120 days.

Analytical approach: Standalone

Outlook: Stable

Stable outlook on the long-term rating of SGEOPL reflects CARE Ratings' opinion that the company's cash flows are expected to remain stable considering presence of long term PPA with MSEDCL, satisfactory generation in line with P90 PLF estimates and timely payment from MSEDCL.

Detailed description of key rating drivers:

Key strengths

Revenue visibility considering presence of long term PPA with MSEDCL for the entire capacity at fixed tariff

The company has low off-take risks considering a long-term PPA with MSEDCL at a fixed tariff of ₹3.29 per unit for a tenor of 25 years from COD, providing revenue visibility to the company. PPA has enabling clauses such as compensation to developer in case of backdown and grid unavailability which are a positive

Operational track record of 14 months

SGEOPL's 5 MW AC (7 MW DC) solar project is in Jalna of Maharashtra. The project was fully commissioned September 2023 as against scheduled COD of July 02, 2023. Entire project capacity has an operational track record of ~14 months with generation

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

levels being lower than P90 levels primarily considering stabilisation issues and damage in transformer in current financial year. The company's ability to achieve generation in line or above P90 PLF estimates remains a key monitorable.

Moderately comfortable debt protection metrics and healthy tail life of ~5 years

SGEOPL's debt protection metric remains moderately comfortable as reflected by average DSCR of over 1.25x over the tenure of term debt. Further, the project has a tail life of five years aiding the company's financial strength.

Key weaknesses

Leveraged capital structure and exposure to interest rate risk

SGEOPL's capital structure remains leveraged considering debt-funded capex incurred for setting up the project which is customary to renewable sector. The project has been funded in a debt equity ratio of 70:30. In CARE Ratings' base case assessment, the total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) is expected to remain high above 8x in FY25. However, debt coverage indicators are expected to be moderately comfortable as reflected by average DSCR of over 1.25x for the debt tenor. The rating is also constrained by interest rate fluctuation risk and asset concentration risk given the full capacity is in a single state.

Counter party credit risk considering exposure to MSEDCL

The company is exposed to counterparty credit risk considering MSEDCL's moderate financial profile. Nevertheless, payments from MSEDCL have been timely in recent months after initial delays post COD. Going forward, timely collections from MSEDCL on a sustained basis remains a key rating monitorable.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one part, the company may report lesser revenues in the event of non-generation/lower generation of power due to variation in weather conditions and/or equipment quality and/or any other factor. This in turn would affect its cash flows and debt servicing ability. Geographical concentration of asset amplifies generation risk.

Liquidity: Adequate

There is some headroom between the projected gross cash accrual of FY25 and FY26 vis a vis the scheduled debt repayment. While the payment from the counterparty is expected to be timely, the non-availability of DSRA offsets the strengths in liquidity to some extent. As on November end 2024, the company had a cash and bank balance of ₹2.65 crore (Including FD lien of Rs 2 Crore). The company is required to create debt service reserve account (DSRA) for one quarter of debt servicing which is currently under process.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Solar Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

SGEOPL is a special purpose vehicle incorporated on March 20, 2019 by Sunridge Green Energy Ventures Private Limited, engaged in renewable energy industry. SGEOPL has developed grid-connected ground-mounted solar photovoltaic power project with a capacity of 5 MWAC / 7 MWDC in Maharashtra. The project was won in a bid under MSEDCL's tender in Mukhya Mantri Saur Krushi Vahini Yojana (MSKVY) 1.0 program. PPA for the entire capacity is signed with MSEDCL at a tariff of INR 3.29/unit for 25 years from COD. Electricity produced by the project will be transmitted to a 33/11 kV grid substation. The project is situated in village - Deogaon Khawne, Jalna, Maharashtra.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.00	1.41
PBILDT	-0.01	1.36
PAT	0.00	-0.23
Overall gearing (times)	280.85	5.72
Interest coverage (times)	-2.16	1.16

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	July 2044	22.35	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	22.35	CARE BBB-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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