

Nithin Sai Renewables Private Limited

January 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	150.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Nithin Sai Renewables Private Limited (NSR) factors in that the project is at advanced stages of completion with the company likely to commence production ahead of schedule commercial operation date (SCOD). The project's financial closure has also been achieved. Reliance on debt is minimal and even at lower capacity utilisation levels, DSCR is estimated to be satisfactory. These strengths are partially offset by stabilisation related risk post project execution. While solar modules manufacturing is a new business venture for promoters, comfort is drawn from professionals hired by the company, who have long track record in operations and business development side in solar industry. The rating is also constrained by intense competition with large companies operating in the space, though the company has already received letter of authorisation (LOA) from some customers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Completion of the project in timely manner and ability to operate plant at 60% capacity utilisation and earning profit before depreciation, interest and taxation (PBDIT) margin of over 10%.

Negative factors

- Cost and time overruns in the project.
- Debt funded capex plans taken by the company.

Analytical approach:

Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings) expectation that the company would be able to complete the project in timely manner and within estimated costs.

Detailed description of key rating drivers:

Key weaknesses

Execution risk associated with the project

NSR is setting up 500MW solar PV module unit which is currently under construction. The project is coming up at Chikkaballapura, Karnataka which involves total outlay of ₹183 crore. Per CA certificate, the company has spent ₹101 crore till November 30, 2024. The project is exposed to inherent execution risks involved, however, the management is confident of operationalising the project before SCOD.

Stabilisation related risks associated post project completion

Post commissioning the project, company would have to also establish supplier and customer base. The company has shortlisted suppliers for both domestic content requirement (DCR) and non-DCR projects. Due to increasing demand of solar modules and solar cells, several companies have expanded their capacities or are in the process of expanding them. In an intensely competitive industry, NSR's ability to operate the plant at optimum levels and to generate envisaged profitability, remains to be seen.

Risk of fluctuations in realisation price due to price volatility of solar modules

NSR is susceptible to risk arising from movement in prices of solar modules, impacting realisations of the company. However, the module manufacturing industry is commoditised in nature and generally, manufacturers pass on the increase in prices to end-customers.

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

Key strengths

Favourable project funding pattern

The company's project cost/megawatt (MW) is higher than its peers, as it is using Spanish assembly line to manufacture solar modules, which is expected to more efficient. However, CARE Ratings notes that its reliance on debt is relatively low. Project is funded with favourable debt: equity of 1.08:1, because of which, even at low capacity utilisation levels, the company is expected to maintain satisfactory debt service coverage ratio (DSCR).

Long experience of promoters in EPC business though solar modules is new business venture

The company's promoters have experience of engineering, procurement and construction (EPC) business through Nithin Sai Constructions for close to three decades. The group's expertise includes infrastructural projects, such as construction of solar and wind power projects, National Highway roads, irrigation projects, Bridges, and flyovers among others. Solar modules manufacturing is a new business venture, but it has appointed senior management having expertise in the segment.

The company appointed Ramesh Shivanna as chief technical officer (CTO) having expertise in product design, manufacturing, and power infrastructure. He specialises in solar energy, including design, development, project management, and solar module manufacturing. NSR has also appointed Dharmendra P as Director- Business Development and Strategy.

Liquidity: Adequate

The company's liquidity is marked by financial closure achieved with almost entire promoter contribution for hard cost have been brought in. As on December 20, 2024, against pending project cost of ₹56 crore, the company had undisbursed term loans of ₹45 crore and fixed deposits of ₹12 crore. Term loan repayments are commencing from December 2025 while COD of the project is April 01, 2025, giving sufficient time to the company to ramp up operations.

Applicable criteria

[Definition of Default](#)

[Project stage companies](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Other electrical equipment

NSR is setting up a unit to manufacture 500MW of Solar PV module at Chikballapura District, Karnataka. The cost for setting up the project is ₹183 crore, which is proposed to be funded by debt of ₹95 crore (already sanctioned) and promoters funds of ₹88 crore.

NSR is promoted by Nirmaladevi G and Nithin Sai, who have also promoted Nithin Sai Constructions, which is into EPC business.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.00	0.00
PBILD	-0.02	0.00
PAT	0.00	0.04
Overall gearing (times)	0.00	0.00
Interest coverage (times)	NM	0.00

A: Audited NM: Not Meaningful; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	55.00	CARE BB; Stable
Fund-based - LT-Term Loan	-	-	-	June 2031	95.00	CARE BB; 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	95.00	CARE BB; Stable	-	-	-	-
2	Fund-based - LT-Cash Credit	LT	55.00	CARE BB; Stable	-	-	-	-

LT: Long 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Karthik Raj K Director CARE Ratings Limited Phone: +91-80-46625528 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-67543404 E-mail: saikat.roy@careedge.in	Himanshu Jain Associate Director CARE Ratings Limited Phone: +91-80-46625528 E-mail: himanshu.jain@careedge.in Preeti Narkhede Analyst CARE Ratings Limited E-mail: Preeti.Narkhede@careedge.in

About us:

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