Rohan Solar Power Private Limited

January 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	217.07 (Reduced from 257.44)	CARE BBB; Negative	Downgraded from CARE BBB+; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the rating assigned to bank facilities of Rohan Solar Power Private Limited (RSPPL) factors in moderation in power generation levels of the wind assets in FY24 and H1FY25 due to changes in wind pattern and lower-than-anticipated generation from solar power asset due to grid-related issues impacting the debt coverage indicators. While the current liquidity position is satisfactory, in case of continuing lower generation, it may impact the same due to high debt repayments in near to medium term, and hence Negative Outlook.

RSPPL belongs to the Bengaluru-based Kalyani Developers group, which is primarily into commercial real estate segment and has established track record of developing and leasing properties for over two decades. The rating, accordingly, positively factors in relatively low off-take risk, as power is being utilised for captive consumption as well, which is expected to increase going forward with higher physical occupancy at the group's commercial assets. However, there is an inherent lease renewal and occupancy risk associated with commercial properties, which will have a bearing on the group's power consumption and tariff realisation of RSPPL and would be key monitorable from the credit perspective. Nevertheless, RSPPL has signed short to long-term power purchase agreements (PPAs) with reputed off-takers having presence in diversified sectors resulting in low payment cycle with timely receipt of payments from all off-takers and satisfactory debt coverage indicators. These rating strengths are partially offset by the limited track record of the promoters in the renewable sector, interest rate fluctuation risk and exposure to the climatic conditions, which may affect the operating performance of the wind projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained supply to the captive consumers improving average tariff realisation of ₹5.5/unit while maintaining total debt/ profit before depreciation, interest and tax (PBDIT) of less than 3.5x.

Negative factors

- Decline in generation/ lower tariff realisation leading to lower cash accruals reducing debt service coverage ratio (DSCR) to below 1.1x on a sustained basis.
- Deterioration in liquidity profile.

Analytical approach: Standalone

Outlook: Negative

Revision in Outlook from 'Stable' to 'Negative' reflects likelihood of deterioration in liquidity profile of the company in case the plants' generation does not improve. The Outlook may be revised to Stable in case of resolution of transmission related issues pertaining to solar power plant and recovery in generation of wind power assets.

Detailed description of key rating drivers:

Key strengths

PPAs with reputed off-takers having presence in diversified sectors

RSPPL caters to the power requirements of the group entities, Kalyani Developers (KD), Mohan Enterprises (ME), and Kalani Techpark Pvt Ltd. (KTPL). The tariff charged for power supplied for captive consumption is generally ₹2-3 per unit lower than BESCOM tariff. The company has signed short to long-term PPAs with reputed commercial off-takers having relatively strong financial risk profile and presence in the diversified sectors, such as pharmaceuticals, educational services, manufacturing, poultry, and IT services, among others, mitigating counter party risk to a certain extent. The company is offering electricity at a competitive tariff and at a discount to grid tariff rates, hence, the PPAs are likely to be renewed on expiry.

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

Established payment cycle with timely receipt of payment from off-takers
Per the terms of the PPAs signed with non-captive off-takers, credit period of 10-30 days has been provided post the invoice receipt date. RSPPL has been receiving payment from all its non-captive off-takers on/before time. From captive users, the realisation date ranges from 30 to 90 days.

Part of the Kalyani Developers group
RSPPL is a part of the Bengaluru-based Kalyani Developers group having presence in the commercial real estate segment in Bengaluru, Karnataka. The group has completed commercial projects with total leased out area of 6.08 million square feet (msf). In FY24, ~17% of the power generated by RSPPL is utilised for captive consumption (which fetches relatively higher tariff against tariffs from non-captive consumers) and remaining is sold to the third parties with whom the company has signed medium-to-long-term PPAs. Due to the COVID-19-led pandemic, the captive consumption had reduced significantly in FY21 and FY22 with a slight improvement from FY23 onward. The operationalisation of under-construction projects may lead to increased power demand within the group, which may result increased utilisation of power generated by RSPPL for captive consumption going forward. However, there is an inherent lease renewal and occupancy risk associated with commercial properties, which will have a bearing on power consumption of the group and tariff realisation of RSPPL and would be key monitorable from the credit perspective.

Key weaknesses

Lower-than-expected generation
RSPPL operates three wind power projects and one solar power project with total installed capacity of ~70 MW in Karnataka. On combined basis, the power generated was 128.5 MU in FY24 against 108.5 MU in FY23. While overall generation has improved due to operationalisation of solar plant in FY24, combined wind generation has moderated to 103 MU (FY23: 108.5 MU) due to lower wind velocity seen throughout the year in the Karnataka region. Generation for wind power continues to remain low at 68 MU in H1FY25 against 78.6MU in H1FY24. Due to evacuation infrastructure issues at the grid level of the solar project, it has generated at 12% PLF in FY24 & 15% in H1FY25. The P90 level for the solar plant is 45MU which is ~24% plant load factor (PLF). Lower generation is due to the ongoing works undertaken by The Karnataka Power Transmission Corporation Limited (KPTCL) for setting up additional 66KV line between Hanagal-Nagasamudra-Ramapura and replacement of bus bar which is restricting full evacuation of the generated power.
CARE Ratings observes, with high debt repayments in near term, it is pertinent for the plants' generation to improve, as failure to do so would deteriorate the company's liquidity profile.

Moderate debt coverage indicators
Expected cash accruals of the company are tightly matched with its debt obligations due in FY25 resulting in thin DSCR level in the current year. Nonetheless, repayments will taper down from FY26 and expected improvement in solar power generation. DSRA of ₹12.5 crore comprising one quarter's interest and principal repayments is being maintained per the sanctioned terms.

Interest rate fluctuation risk
The term loan availed for the project is floating in nature, exposing the firm to the risk of change in the cost factors. The interest cost being the primary cost component on cash basis, adverse movement in interest rates would impact the overall debt-servicing ability of the special purpose vehicle (SPV).

Limited years of experience in running renewable energy projects
The promoter has limited experience in running wind power projects, as the group is majorly present in the real estate sector. However, the group has operational wind capacity of 94 MW out of which 24 MW is under KTPL and 70 MW is under RSPPL with operational track record of six years. The solar project has commenced operations from April 2023. Also, the wind turbine generators (WTGs) have been sourced from Gamesa; a Spain-based entity specialising in engineering, design, manufacturing, and sale of wind turbines who is also undertaking O&M activity.

Exposure to climatic conditions
Wind power projects are exposed to the inherent risk of climatic fluctuations leading to variations in the wind patterns, which affect the PLF.

Liquidity: Adequate
Owing to decline in generation and reduction in tariff, company's cash accruals are likely to be impacted in near to medium term. At the same time, high debt repayments would translate into low DSCR level. Nevertheless, comfort is drawn from RSPPL's free cash and bank balance of ₹4.01 crore as on November 30, 2024. The company is also maintaining DSRA of ₹12.57 crore as on November 30, 2024. On a group level basis, Kalyani Tech Park Pvt ltd has free liquidity of over ₹50 crore as on November 30, 2024.

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]
[Wind Power Projects]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

RSPPL is a SPV incorporated by Bengaluru-based Kalyani Developers group in February 2015 to develop wind and solar power projects for captive consumption within the group and non-captive consumption. RSPPL is currently operating three wind projects and one solar project with total installed capacity of ~70 MW and are in Kundur (10 MW), Sadavatti (10 MW + 28 MW), and Chitradurga (21.5 MW).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	55.81	62.32
PBILDT	48.93	57.29
PAT	-2.46	-25.18
Overall gearing (times)	8.59	34.07
Interest coverage (times)	3.29	2.30

A: Audited 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-Term loan	-	-	-	May 2031	217.07	CARE BBB; Negative

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	217.07	CARE BBB; Negative	-	1)CARE BBB+; Stable (01-Dec-23)	1)CARE BBB+; Stable (28-Sep-22)	1)CARE BBB+; Stable (27-Aug-21)

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-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.

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