Clean Solar Power (Bhainsada) Private Limited

March 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,040.00	CARE AA- (RWD)	Upgraded from CARE A+ ; Revision in rating watch from Rating Watch with Positive Implications to Rating Watch with Developing Implications
Long-term / Short-term bank facilities	32.00	CARE AA- / CARE A1+ (RWD)	Upgraded from CARE A+ / CARE A1 ; Revision in rating watch from Rating Watch with Positive Implications to Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating revision on bank facilities of Clean Solar Power (Bhainsada) Private Limited (CSPBPL), which is operating a 250 MW (AC) solar power project in Rajasthan factors in the healthy generation track record of the project since commercial operations date (COD; May 2022) with plant load factor (PLF) of 27.09% in FY23, 27.94% in FY24 and 28.26% in 6MFY25, which is higher than P90 PLF estimates and close to P75 PLF. The rating also positively factors in the presence of strong off-taker, Solar Energy Corporation of India Limited (SECI) and healthy collection performance with payments received within 15 days on average since COD. Going forward, CARE Ratings Limited (CARE Ratings) expects generation and collection performance to remain in line with the historical trend. Receipt of lumpsum amount from SECI for compensation towards higher GST under change in law and part utilisation for prepayment of debt is also a positive.

Ratings are placed on watch with developing implications as JSW Neo Energy Limited, subsidiary of JSW Energy Limited has entered definitive agreements for acquisition of SPVs of O2 group from existing promoters and the transaction is expected to be completed by May 2025. Impact of acquisition on credit profile of the entity shall be assessed on materialisation of the transaction.

Ratings are also supported by presence of long-term, 25- year power purchase agreement (PPA) at a fixed tariff of ₹2.50/kWh with SECI leading to revenue visibility. Moreover, the rating considers the comfortable debt protection metrics as reflected by cumulative debt service coverage ratio (DSCR) above 1.25x till the tenor of the rated facility. Further, the liquidity profile of the company is expected to remain adequate as reflected by the presence of Debt Service Reserve Account (DSRA) equivalent to 4.5 months of debt servicing.

However, ratings are constrained considering leveraged capital structure as reflected by total debt (including financial lease of Rs 22 crore)/EBIDTA of 7.1x as on FY24 end which is expected to remain above 6x in the next two years. The project is also exposed to interest rate fluctuation risks, since the interest rates on the facility are floating in nature post completion of fixed interest rate period June 2028. CARE Ratings also factors in exposure of project cash flows to adverse variations in weather conditions given the single part nature of tariff for the project.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Higher-than-P75 generation and better-than-base case coverage with DSCR above 1.25x on a sustained basis.
- Faster-than-expected deleveraging.

Negative factors

- Lower-than-P90 generation or increase in borrowing cost or higher-than-envisaged operations & management (O&M) expenses or higher than envisaged debt, leading to DSCR below 1.2x on a sustained basis.
- Deterioration in credit risk profile of the off-taker and delay in receipt of payments leading to debtors above 120 days on a sustained basis.

Analytical approach: Standalone

Outlook: Not applicable

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

Detailed description of key rating drivers:

Key strengths

Low sales risk due to long-term PPA with SECI for entire capacity

The company is supplying power to SECI per the terms of the PPA signed for supply of power at ₹2.5 per unit for 25 years from COD. This provides long-term revenue visibility to CSPBPL. The PPA has compensation clauses for grid unavailability, backing down or termination due to off-taker event of default, which is a positive.

Stable generation since COD

CSPBPL has been operational since May 2022 and has satisfactory generation track record with PLF of 27.09% in FY23, 27.94% in FY24 and 28.28% in 6M F25, which is higher than P90 PLF estimates and closer to P75 PLF. The machine and grid availability has remained above 99% since COD.

Favourable lending terms leading to comfortable projected debt coverage indicators

Rate of interest on term loan is competitive and fixed till June 2028 for majority debt. Debt facility is repayable by the end of FY44, leaving a tail period of ~3 years against PPA expiry in May 2047. The projected debt service coverage ratio (DSCR) is expected to be comfortable throughout the loan tenor at above 1.25x. Achievement of generation levels as envisaged would be critical. Presence of DSRA equivalent to 4.5 months of debt servicing per sanction terms in form of FD supports the company's liquidity profile.

Strong credit profile of the off-taker

Set up in 2011, SECI is under the administrative control of Ministry of New and Renewable Energy (MNRE) as an implementation and facilitation institution dedicated to the solar energy sector. SECI has been designated as an implementing agency for many of the Government of India's (GoI's) schemes. SECI is a beneficiary in the tri-partite agreement (TPA) executed between the central government, state governments, and the Reserve Bank of India (RBI). The TPA insulates SECI from payment delays by discoms of signatory states and union territories (UTs).

SECI is required to make the payment within 60 days, as on due date from the date of invoice. Payments from the off-taker have been within 15 days from the invoice and further claiming rebate per PPA terms.

Modules and invertors sourced from reputed suppliers with standard warranty clauses

The company's solar project is based on photovoltaic (PV) technology using bi-facial mono crystalline modules. The company has procured modules from multiple suppliers of repute with standard product and power warranty clauses, while inverters have been procured from Sungrow Power Supply Co. Limited (SPSCL). The company entered an O&M contract with Sterling and Wilson Renewable Energy Limited (formerly Sterling and Wilson Solar Limited) with guaranteed minimum performance clauses.

Parentage comprises two financial investors with firm commitment for investment in renewable energy projects across India

O2 Power SG Pte Limited (O2PSPL), a renewable energy (RE) platform, is backed by two reputed global investors, EQT (51%) and Temasek (49%). Headquartered in Sweden, EQT is a differentiated global investment fee-generating fund with assets under management (AUM) of ~€113 billion. EQT funds have portfolio companies in Europe, Asia, and the US across ~500 investments and ~175,000 employees. Temasek is a global investment company headquartered in Singapore with exposures in Asia (63%), the US (21%), and rest of the world (16%).

Total aggregate capital committed in O2PSPL by both investors is US$ 500 million, which will be invested across RE projects in India. O2PSPL's portfolio of ~4.11 GW includes ~1.36 GW of operational capacity as on September 30, 2024. O2PSPL's management is experienced, having an established track record in the renewable sector in India. Given O2PSPL's aggressive growth plans in India with a reasonably long-term investment horizon and the promoter's past track record of financially supporting other projects, CARE Ratings expects CSPBPL to benefit from the operational and financial linkages with its parent.

JSW Neo Energy Limited, subsidiary of JSW Energy Limited, has entered definitive agreements for acquisition of SPVs of O2 group from existing promoters and the transaction is expected to close by May 2025. Its impact on CSPBL's credit profile shall be ascertained once the transaction is completed.

Key weaknesses

Leveraged capital structure and exposure to interest rate risks

CSPBPL's capital structure is leveraged considering the debt-funded capex incurred for setting up the project, as reflected by total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) of 7.1x as on FY24-end. Going forward, TD/EBITDA is expected to remain above 6.5x in the next two years. Given the leveraged capital structure, single-part nature of fixed tariff in PPA and floating interest rates post completion of fixed interest rate period June 2028, profitability remains exposed to fluctuation in interest rates.

Exposure to technology and climatic risks, usage of new bi-facial technology envisaged for entire capacity

The company has adopted used a bi-facial technology for the solar modules. Bi-facial technology is comparatively an advanced technology compared to poly-crystalline technology and the expected capacity utilisation factors (CUFs) are envisaged to be higher. However, this technology is comparatively new and is yet to be tested in Indian markets. Achievement of the desired CUF, going forward, would be subject to changes in climatic conditions, amount of degradation of modules and other technological risks. The revenue is linked to actual generation and decline in generation may adversely impact the company's cash flows.

Liquidity: Strong

The company has cash and cash equivalent of ₹101.84 crore including DSRA of ₹47.64 crore as on December 31, 2024. The company is maintaining DSRA equivalent to 4.5 months of debt servicing. CSPBPL's GCA in FY25 are expected to sufficiently cover its debt repayment obligations. Payment from SECI has been timely.

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
Short Term Instruments
Solar Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

CSPBPL is a special purpose vehicle incorporated on October 30, 2019. CSPBPL was initially set up by Hero Solar Energy Private Limited, a wholly owned subsidiary of Hero Future Energies Private Limited. In February 2021, O2PSPL acquired 49% shareholding of the SPV. In May 2023, O2PSPL acquired remaining 51% shareholding. CSPBPL has set up a 250 MW AC (335 MW DC) solar photovoltaic power project in Jaisalmer district, Rajasthan. The project was commissioned on May 05, 2022.

Brief Financials* (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	134.8	164.4
PBILDT	118.7	142.0
PAT	-8.7	-15.0
Overall gearing (times)	3.1	3.4
Interest coverage (times)	1.6	1.8

A: Audited UA: Unaudited; Note: these are latest available financial results; *Financials reclassified per CARE ratings' internal standards

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		-	-	December 2043	1040.00	CARE AA- (RWD)
Fund-based - LT/ ST-Working Capital Limits		-	-	-	32.00	CARE AA- / CARE A1+ (RWD)

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	Non-fund-based - LT/ ST-Letter of credit	LT/ST	-	-	-	-	1)Withdrawn (27-Dec-22)	1)CARE AAA (CE); Stable / CARE A1+ (CE) (01-Mar-22) 2)Provisional CARE AAA (CE); Stable / CARE A1+ (CE) (15-Dec-21) 3)Provisional CARE AAA (CE); Stable / CARE A1+ (CE) (16-Aug-21)
2	Un Supported Rating-Un Supported Rating (LT/ST)	LT/ST	-	-	-	-	1)Withdrawn (27-Dec-22)	1)CARE A- / CARE A2 (01-Mar-22) 2)CARE A- / CARE A2 (15-Dec-21) 3)CARE A- / CARE A2

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
								(16-Aug-21)
3	Non-fund-based - LT/ ST-Letter of credit	LT/ST	-	-	-	-	1)Withdrawn (27-Dec-22)	1)CARE AAA (CE); Stable / CARE A1+ (CE) (01-Mar-22) 2)CARE AAA (CE); Stable / CARE A1+ (CE) (15-Dec-21)
4	Fund-based - LT-Term Loan	LT	1040.00	CARE AA- (RWD)	1)CARE A+ (RWP) (07-Jan-25)	1)CARE A+; Stable (05-Jan-24)	1)CARE A+; Stable (27-Dec-22)	1)CARE A-; Stable (01-Mar-22)
5	Fund-based - LT/ ST-Working Capital Limits	LT/ST	32.00	CARE AA- / CARE A1+ (RWD)	1)CARE A+ / CARE A1 (RWP) (07-Jan-25)	1)CARE A+; Stable / CARE A1 (05-Jan-24)	1)CARE A+; Stable / CARE A1 (27-Dec-22)	-

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
2	Fund-based - LT/ ST-Working Capital Limits	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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About us:
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