Talettutayi Solar Projects Four Private Limited

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	274.98 (Reduced from 292.20)	CARE A+ (RWN)	Revision in rating watch from Rating Watch with Developing Implications to Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has revised the outlook on bank facilities of Talettutayi Solar Projects Four Private Limited (TSPFPL) from 'Rating Watch with Developing Implications' to 'Rating Watch with Negative Implications.' The revision in outlook factors in the delay in finalization of audited financial statements of the company for FY24. The rating continues to be on watch consequent to execution of share purchase agreement (SPA) between Asian Energy Impact Trust PLC (AEIT) and Neo Infra Income Opportunities Fund (NIIOF) for transfer of entire shareholding in SolarArise India Projects Private Limited (parent company of TSPFPL) including its special purpose vehicles (SPVs). Managed by Neo Asset Management, NIIOF, is a specialised infrastructure investment fund with a primary focus on renewable energy and road assets. The stake sale is expected to be completed subject to the Reserve Bank of India (RBI) approval for early repayment of external commercial borrowings (ECBs) infused by current sponsors. Credit profile of incoming investor and strategic importance of TSPFPL for the new investor remain key monitorable. CARE Ratings Limited (CARE Ratings) shall take a view on the rating, once the audited financial statements for FY24 are received and the transaction is completed along with the discussion with the incoming promoter on support philosophy to the entity.

The rating of long-term bank facilities of Talettutayi Solar Projects Four Private Limited (TSPFPL) continues to derive comfort from the low sales risk on account of presence of long term power purchase agreement (PPA) with the Solar Energy Corporation of India (SECI) at a fixed tariff of Rs 4.43 per unit for 25 years from COD. TSPFPL has setup a 50 MW solar power project in Maharashtra under JNNSM which was commissioned in August 2017. The rating factors in satisfactory operational track record of over seven years as evident from PLF of 24.7% in FY2023 and 24.8% in FY2024 although generation was lower at 22.0% in 9M FY2025. The rating continues to factor in presence of strong offtaker, SECI which mitigates counter party credit risk to a large extent. The payments from SECI are timely with average collection days of 75 in the past. The rating derives strength from TSPFPL's comfortable debt coverage indicators and fixed-price operations and maintenance (O&M) contract with Juwi India Renewables Energy Private Limited (JIREPL). The rating also factors comfortable liquidity profile through built-up of a debt service reserve account (DSRA) equivalent to one quarter of debt servicing. It also derives strength from the experienced promoter group – AEIT having a proven track record in developing renewable energy (RE) projects.

However, the rating is constrained by the exposure to climatic risks and interest rate fluctuation risk since tariff is fixed for PPA tenor and interest rate is floating in nature although the risk is mitigated to some extent by interest reset every five years. The revenue is linked to actual generation and any decline in generation may adversely impact the debt coverage indicators. The rating is also constrained by leveraged capital structure of the company as evident from total debt/EBITDA of 7.4 times as on March 31, 2024 (provisional) which is expected to remain above 6 times in the next 2 years.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Generation in line with P90 PLF estimates and timely payment from counter party leading to average DSCR of 1.30 times on a sustained basis.
- Faster than expected deleveraging of the asset.

Negative factors

- Lower-than-envisaged generation or increase in borrowing cost or higher expenses significantly impacting the coverage indicators with DSCR below 1.15 times on a sustained basis.
- Deterioration in credit risk profile of off-taker along with delay in receipt of payments on a sustained basis.

Analytical approach: Standalone

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

Outlook: Not applicable

Detailed description of key rating drivers

Key strengths

Long-term off-take arrangement with PPA with SECI, relatively strong off-taker financial risk profile

The company has signed a long-term PPA with SECI for supplying power at a tariff of ₹4.43 per kilowatt hour (kWh) for 25 years from COD, under the Jawaharlal Nehru National Solar Mission (JNNSM) Phase-II Batch-III scheme of the Central Government. This long-term off-take arrangement at a fixed tariff provides TSPFPL long-term revenue visibility. The company has been receiving timely payments from SECI. Counterparty risk is relatively low, given the relatively strong credit profile of the off-taker.

SECI is under the administrative control of the Ministry of New and Renewable Energy (MNRE) as an implementation and facilitation institution dedicated to solar and now the wind energy sectors. SECI enjoys strong parentage through its 100% shareholding with the Government of India (GoI) and is strategically important in promoting solar and wind energy sector in the country. SECI is also a beneficiary in the tri-partite agreement (TPA) executed between the Centre, state governments, and the RBI. The TPA is signed by most states and Union Territories (UTs), insulating SECI against possible payment delays by distribution companies (discoms) covered under the TPA. This mechanism is aimed at ensuring timely payments from SECI to power suppliers.

Satisfactory operational track record of over seven years

The 50-megawatt (MW) grid solar plant was commissioned on August 10, 2017, and since then, operating performance in terms of capacity utilisation factor (CUF) has been satisfactory. Average CUF improved from 24.7% in FY23 to 24.8% in FY24 which was better than P-90 CUF as well. In 9MFY25, the plant's CUF stood at 22.0% against 24.6% in 9MFY24.

Fixed-price O&M contract with JIREPL and modules from JA Solar with standard warranty clauses

The company's solar project is based on poly-crystalline technology with modules from JA Solar. The company has signed a five-year mutually extendable contract with JIREPL for the plant's O&M works. The O&M contract has standard clauses about product warranty, power output warranty, performance ratio, defect liability period, among others.

Comfortable debt coverage indicators and DSRA in place

Door-to-door tenor of the term loan is long at 16 years, and debt coverage indicators are expected to be comfortable. TSPFPL has created a DSRA comprising one quarter debt repayment obligations, with the balance standing at ₹10.76 crore as on March 20, 2025. SECI has also provided TSPFPL a letter of credit (LC) for payment security mechanism. Per the sanction, TSPFPL is required to create an inverter replacement reserve of ₹5 crore in 10 years, of which the company has created the third tranche of ₹0.50 crore in FY24.

Group wholly owned by an RE investment trust

TSPFPL is entirely owned by Solar Arise India Projects Private Limited (SAIPPL) and is part of the Solar Arise group. The group has sizeable experience in the solar energy sector. AEIT currently holds the entire shareholding in SAIPPL. AEIT is the first and only impact-focused investment trust listed on the London Stock Exchange, dedicated to investing in sustainable energy infrastructure projects in Asia. It is managed by Transitional Investment Manager Octopus Energy Generation.

Key weaknesses

Exposure to interest rate risk

The company is exposed to interest rate fluctuation on its term loan. However, this is limited, given that the interest rate is subjected to reset every five years and is fixed until then.

Exposure to risks related to technology and climate

Achieving the desired CUF going forward will be subject to changes in climatic conditions, amount of degradation of modules and technological risks.

Liquidity: Adequate

TSPFPL has a cash and bank balance of ₹14.68 crore and DSRA covering one quarter of debt obligations of ₹10.76 crore in the form of fixed deposits (FDs) as on March 20, 2025. Projected gross cash accruals (GCA) against debt repayment obligation for FY25 and FY26 is expected to have adequate headroom. The company has been receiving payments from its off-taker on time, aiding in maintaining its liquidity profile.

Applicable criteria

[Policy on Default Recognition]
[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings]
[Financial Ratios – Non financial Sector]
[Liquidity Analysis of Non-financial sector entities]
[Infrastructure Sector Ratings]
[Solar Power Projects]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

Owned by SAIPPL, TSPFPL has set up a 50-MW grid connected solar photovoltaic (PV) power project using poly-crystalline silicon technology, in the Beed district of Maharashtra. The project was fully commissioned on August 10, 2017, against the scheduled commercial operations date (SCOD) of May 10, 2017.

The company has signed a 25-year PPA with SECI at a fixed tariff of ₹4.43 per kWh. TPSSL undertook the project's O&M for first five years with engineering, procurement, and construction (EPC). The company has signed a five-year agreement with JIREPL in FY24 for the plant's O&M.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (P)
Total operating income	47.89	45.64
PBILDT	39.43	38.74
PAT	-10.32	5.76
Overall gearing (times)	15.02	8.3
Interest coverage (times)	1.03	1.37

A: Audited P: Provisional; 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 instruments/facilities: 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		-	-	September 2037	274.98	CARE A+ (RWN)

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	-	-	-	-	-	1)Withdrawn (27-Dec-21)
2	Fund-based - LT-Term Loan	LT	274.98	CARE A+ (RWN)	1)CARE A+ (RWD) (27-Jan-25)	1)CARE A+; Stable (20-Mar-24)	1)CARE A+; Stable (06-Mar-23) 2)CARE A+ (RWD) (27-Dec-22) 3)CARE A+ (CW with Developing Implications) (30-Jun-22)	1)CARE A+; Stable (10-Nov-21)

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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