

Madhav Solar (Vadodara Rooftop) Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.89	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) has been seeking information from Madhav Solar (Vadodara Rooftop) Private Limited (MSVRPL) to monitor the rating(s) vide e-mail communications March 27, 2025, March 20, 2025, March 16, 2025, February 03, 2025, January 02, 2025, and December 13, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating based on the best available information which however, in CARE Ratings opinion is not sufficient to arrive at a fair rating. Further, MSVRPL has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on MSVRPL bank facilities will now be denoted as **CARE BB; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Revision in ratings assigned to the bank facilities of MSVRPL is on account of non-availability of requisite information despite repeated requests.

Ratings assigned to the bank facilities of MSVRPL continue to remain constrained on account of vulnerability of power generation to variation in climatic conditions & technology risk associated with solar power plants as reflected by moderate CUF levels, client concentration risk, susceptibility of its profitability to Operation & maintenance (O&M) cost and interest rate fluctuations resulting in weak debt coverage indicators and stretched liquidity. Ratings, further, also factors limited operational track record of the solar power assets post change in shareholding of MSVRPL.

Ratings, however, continue to derive strength from satisfactory operational track record of the project of more than eight years as on January 31, 2024, long-term revenue visibility with presence of PPA with Madhya Gujarat Vij Company Limited, a subsidiary of GUVNL (MGVCL; rated CARE AA+; Stable / CARE A1+) at a fixed tariff for 25 years, timely receipts of monthly payments from MGVCL, presence of DSRA equivalent to three months of scheduled debt servicing and comfortable tail period of around 12 years.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that MSVRPL will continue to benefit from its long-term PPA with MGVCL having strong credit risk profile and expectation of receiving timely payments from the counter-party.

Detailed description of key rating drivers:

At the time of last rating on February 09, 2024, the following were the rating strengths and weaknesses considered.

Key weaknesses

Limited operational track record of the solar power assets post change in shareholding of MSVRPL

MSVRPL was incorporated as a subsidiary of WSL, a part of Vadodara-based Madhav group, which has satisfactory track record of operating various solar power projects on EPC basis for third parties as well as for group companies.

After dis-investment of its entire shareholding by WSL (51% held by WSL and balance by the promoters' group) in MSVRPL to third parties, MSVRPL ceased to be a subsidiary of WSL w.e.f. January 18, 2024, and now a group of individuals collectively holds controlling stake in MSVRPL.

The entire solar power operations including routine O&M and debt service obligations is now managed by the new management.

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

WSL is under process of removing corporate guarantee extended towards the MSVRPL's debt owing to cessation of parent subsidiary relationship post disinvestment. Thus, after the date of transfer of entire shareholding, WSL will not provide support towards debt servicing (if any) of MSRVPL.

Modest generation levels

The rooftop solar power plants under MSVRPL are spread across 39 deferring rooftops in the city of Vadodara, Gujarat. Solar radiation levels remain impacted on account of polluted air as well as faster build-up of dust particles on solar panels, resulted in modest average CUF levels of 11.30% in FY23 (12.22% in FY22). Furthermore, MSVRPL has reported average CUF levels of 14.59% in Q1FY24 (12.86% in 4MFY23).

Vulnerability of power generation to climatic conditions and technological risk

The CUF level of a solar power plant primarily depends upon solar radiation levels, climatic conditions, degradation of modules and technology used (Poly crystalline technology). Although, the modules and other equipment have been sourced from reputed suppliers, climatic variations as well as technological risk persists for the entire project duration.

Interest rate risk

Considering the term loan availed is on a floating rate basis and the power tariff with the offtake is fixed, MVRSP's profitability remains exposed to any upward revision in interest rates.

Key strengths**Presence of long-term PPA with MGVCCL and satisfactory payment track record resulting in low counter party credit risk**

MSVRPL had commissioned 4.028 MW rooftop solar power plants across 39 deferring rooftops in Vadodara, Gujarat till June 30, 2015, and has an operational track record of more than eight and half years as on January 31, 2024 (upto January 17, 2024, under WSL).

On June 17, 2014, MSVRPL has entered into a long-term PPA with MGVCCL for supply of the entire power generated for a period of 25 years at a fixed tariff of Rs.10.76/ unit. MGVCCL is the subsidiary company of GUVNL. Long-term PPA with MGVCCL alleviates the counterparty credit risk, ensures assured offtake and cash flow sustainability despite MGVCCL being the sole off-taker, indicated by timely receipt of payments from MGVCCL within 10-30 days of monthly invoices raised by MSVRPL.

Stable industry outlook

India has an installed renewable capacity of around 125 GW (excluding large hydro) as on March 31, 2023, comprising solar power of 67 GW, wind power of 43 GW, small hydro of 5 GW, and other sources including biomass of 11 GW. There has been a significant traction in solar power installations over the past few years and the cumulative solar power capacity has surpassed the installed wind power capacity, despite its late and slow start. The overall renewable energy installations have increased at a CAGR of 17% from FY16 to FY23. Over the years, the renewable energy industry has benefitted on account of the government's strong policy support, India's largely untapped potential, the presence of creditworthy central nodal agencies as intermediary procurers, and the improvement in tariff competitiveness. Going forward, with India setting up an ambitious target of achieving 450 GW renewable capacity by 2030, the regulatory framework is expected to remain supportive. Nevertheless, challenges in terms of elevated landed cost of modules, turbines, and other ancillary products remain the key challenges for the industry. This apart, impediments in the acquisition of land and the availability of transmission infrastructure also remain key bottlenecks. However, the Indian renewable industry continues to be a preferred investment alternative for both, domestic as well as foreign investors and is expected to post robust growth going forward, which results in CARE Ratings assigning a 'Stable' outlook to the industry.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[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

In March 2014, MSVRPL was incorporated as a subsidiary of WSL. Post dis-investment of entire shareholding (i.e. 51%) by WSL to third parties, MVRSPPL ceased to be a subsidiary of WSL w.e.f. January 18, 2024. MSVRPL is now owned and managed by a group of individuals, collectively holding controlling stake in MSVRPL.

MSVRPL had entered into a long-term PPA with MGVCCL for supply of the entire solar power generated for a period of 25 years at a tariff of Rs.10.76/unit. As per the terms of PPA, the scheduled commercial operation date (SCOD) for the project was March 31, 2015. MSVRPL commissioned 28 sites till March 2015 and on receiving extension of SCOD from MGVCCL for three months, MSVRPL commissioned additional 11 sites till June 2015.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	6.31	7.40
PBILDT	3.01	2.64
PAT	0.74	0.29
Overall gearing (times)	0.94	0.82
Interest coverage (times)	2.48	2.42

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 (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	-	-	-	September, 2027	5.89	CARE BB; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (09-Feb-24) 2)CARE BBB+ (CE); Stable (09-Oct-23)	1)CARE BBB+ (CE); Stable (21-Sep-22)	1)CARE A-(CE); Stable (06-Oct-21)
2	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (09-Feb-24) 2)CARE BBB+ (CE); Stable (09-Oct-23)	1)CARE BBB+ (CE); Stable (21-Sep-22)	1)CARE A-(CE); Stable (06-Oct-21)
3	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	1)Withdrawn (09-Feb-24) 2)CARE BBB- (09-Oct-23)	1)CARE BBB- (21-Sep-22)	1)CARE BB+ (06-Oct-21)
4	Fund-based - LT-Term Loan	LT	5.89	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; Stable (09-Feb-24)	-	-

*Issuer did not cooperate; based on best available information.

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 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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