U-Solar Clean Energy Solutions Private Limited

June 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4+; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has withdrawn the outstanding ratings of 'CARE BB+; Stable/CARE A4+; ISSUER NOT COOPERATING' assigned to the bank facilities of U-Solar Clean Energy Solutions Private Limited (Usolar) with immediate effect. The above action has been taken at the request of Usolar and 'No Objection Certificate' received from the banks that have extended the facilities rated by CareEdge Ratings.

Analytical approach: Standalone while factoring in equity commitments for the projects being carried out in subsidiaries: Usolar Assetco One Private Limited & Usolar Assetco Two Private Limited.

Detailed description of key rating drivers:

At the time of last rating on December 18, 2024 the following were the rating strengths and weaknesses (updated for FY24 annual report and order book position given by the company)

Key weaknesses

Debt-funded capex implementation in the SPVs

The company is implementing 25MW of opex model solar assets in three SPVs and several other projects are in pipeline which would require consistent equity infusion from Usolar. The total equity commitment towards these projects is ₹20 crore, of which equity commitment of Usolar share is approximately ₹16 crore and balance share of ₹4 crore are from its group captive off taker. Usolar has already infused ₹12.00 crore in the form of unsecured loans during FY23 and balance would be funded through internal accruals in medium term. The company is in advance discussions with the off taker for their capital commitment towards the project. CARE Ratings anticipates that the company's debt-to-equity ratio will deteriorate to nearly 2x in the next two years. Going forward, sustaining the debt-equity ratio below 2x would be a key rating metric.

Stretched receivables leading to high dependency on the working capital requirements

The operating cycle of the company is high owing to higher receivable days. With the retention money held with the customers for more than 180 days, the receivables days remains at higher levels. Due to retention held back with the customers, the company is dependent on the working capital funding from the banks. The average working capital utilisation of the company remained at levels of 78% for the last 12 months ending November 2023. Going forward, any further stretching in the collection period would be a key rating sensitivity.

Susceptibility of profitability to volatility in solar module prices

Solar panels form around 70% of the total project cost for any solar EPC project. Solar developers in India face cost pressures due to rising cell and module prices, even as supply chain issues begin to ease. This has mainly been driven by disruptions to operations across the Chinese solar value chain and the spike in the cost of polysilicon, which is a key input for module producers. In addition, the increase in solar PV cell and module prices, along with the imposition of basic customs duty (BCD) on imported cells and modules, is leading to cost pressure for solar power projects. Hence, the profitability of the company might be impacted due to variation in prices of solar panels at the time of procurement for different sites in absence of price escalation clause.

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

Susceptibility of its renewable power generation capacity to inherent risk of changes in climatic conditions
The operations solar energy generation projects are susceptible to the inherent risk of weather fluctuations (beyond the control of the company) such as variations in solar radiation levels, respectively, which can affect their plant load factors (PLFs). Also, the renewable energy generation projects are susceptible to seasonal variations. Any adverse variations in the climatic conditions would lead to decrease in the income which would impact the cash flows of the company

Key strengths

Satisfactory unexecuted order book position
As of September 30, 2024, Usolar has an orderbook of ₹543 crore equivalent to installation of 151MW of solar assets which has to be executed over a period of next 2 years. The current orderbook to TOI is around 2.68x of FY24, translating into healthy revenue visibility in the near term. With the company consistently bidding for large-sized orders, CARE Ratings Limited (CARE Ratings) expects that the company's order book will remain at 3x of the company's income translating into growth in revenue by 20-25% in near to medium term.

Diversified revenue streamline
Apart from the EPC projects, the company undertakes installation of solar projects mainly rooftops based on Opex model. The complete capital investments to setup these Opex projects would be borne by the company and in turn the company would enter the PPAs with the off taker for a period of 15 to 20 years to purchase the power. Till November 30, 2023, the company has executed and successfully installed Opex assets of 9.89MW. The clientele includes mainly from retail customers. With respect to the opex assets, Usolar has reported satisfactory collection period between 30-45 days during FY23 and 8MFY24. Since these projects are primarily executed on counterparty's rooftop/ their campus premises, CARE Ratings is of opinion that risk of termination of PPA is low resulting in stable cash inflows.

Demerger of Opex assets to a separate SPV, leading to reduction in the term-debt at the standalone entity
Under the Opex model, the company has executed around 9.89MW of assets in the last four years, of which 9.4MW of opex assets along with its liabilities (₹35 crore debt availed for creation of assets) has been transferred to a separate SPV viz. Usolar Assetco One Private limited, with effective from December 01, 2023. The prima facia of demerger of the assets is to streamline the business between both the EPC and Opex assets. With the transfer/demerger of the assets, the existing term-debt underlying at the standalone level, has transferred to the Assetco-one and currently around ₹4 crore of term debt is lying at the standalone entity.

Experienced promoters and management with long track record of operations
Since inception, Usolar has executed more than 160MW of solar assets and has proven track record of more than two decades. The company is promoted by K.R. Harinarayan, and he has more than 25 years of experience in the solar industry. The company is supported by the experienced management team which average of experience of more than decade in the renewable energy industry. The company also has a strong technical expertise aided by professionals who have rich experience in the solar integration systems.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Policy in respect of non-cooperation by issuers
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Withdrawal Policy
Construction Sector
Infrastructure Sector Ratings
Solar Power Projects
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Usolar incorporated on September 14, 2010, is into EPC business in the solar segment, which provides complete solar power solutions for industrial, commercial, institutional and residential clients. The company executes the projects under both EPC and Opex model. Since inception, the company has executed/installed the solar assets of around 160MW in EPC business and around 9.89MW of assets in Opex model. The company is promoted by K.R. Harinarayan, and he has around 25 years of experience in the solar industry.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	85.58	202.30
PBILDT	14.66	29.87
PAT	3.77	12.93
Overall gearing (times)	2.77	1.56
Interest coverage (times)	2.23	3.78

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-Cash Credit	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	March 2027	0.00	Withdrawn
Fund-based - ST-Bill Discounting/ Bills Purchasing	-	-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	0.00	Withdrawn

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (12-Jun-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (18-Dec-24)	1)CARE BBB-; Stable (09-Feb-24) 2)CARE BBB-; Stable (02-Jan-24)	-
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	-	-	1)CARE A4+; ISSUER NOT COOPERATING * (12-Jun-25)	1)CARE A4+; ISSUER NOT COOPERATING * (18-Dec-24)	1)CARE A3 (09-Feb-24) 2)CARE A3 (02-Jan-24)	-
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING * (12-Jun-25)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING * (18-Dec-24)	1)CARE BBB-; Stable / CARE A3 (09-Feb-24) 2)CARE BBB-; Stable / CARE A3 (02-Jan-24)	-
4	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (12-Jun-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (18-Dec-24)	1)CARE BBB-; Stable (09-Feb-24)	-

*Issuer did not cooperate; based on best available information.
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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	Non-fund-based - LT/ ST-BG/LC	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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