

Soham Phalguni Renewable Energy Private Limited

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	4.93 (Reduced from 8.01)	CARE BBB; Stable	Upgraded 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 Soham Phalguni Renewable Energy Private Limited (SPREPL) factors in continuous improvement in debt coverage indicators of SPREPL aided by scheduled debt repayments and sustained generation levels. The rating upgrade also factors in improvement in generation at overall group level in FY25, which is expected to further improve in FY26.

SPREPL is part of Soham Renewable Energy group with Soham Infrastructure Private Limited (SIPL; rated CARE BBB+; Positive) as holding company, which has an above average credit profile. The rating also derives strength from revenue visibility provided by its long-term power purchase agreement (PPA) with Mangalore Electricity Supply Company (MESCOM) and timely collection from the off-taker. However, the rating is constrained by cashflows susceptible to interest rate fluctuation risk, hydrological risks associated with run on-river projects and moderate debt coverage indicators of SPREPL.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving credit profile of SIPL.

Negative factors

- Lower-than-envisaged PLF levels, leading to declining cash accruals of the group.
- Delaying receipt of payment from the off-taker beyond 30 days moderating the group's liquidity profile.

Analytical approach: Standalone, factoring linkages with SIPL. SIPL is the flagship company of the group and SPREPL derives managerial and financial linkages from it.

Outlook: Stable

Stable outlook reflects CARE Ratings Limited (CareEdge Ratings') expectation of the group's ability to sustain satisfactory generation levels, timely receipt of payments from its off-taker and long-standing existence in the industry.

Detailed description of key rating drivers:

Key strengths

Satisfactory operational track record

The company has shown satisfactory operational track record and timely realisation of the receivables from its off-takers, with three average years plant load factor (PLF) of 22%. In FY25, generation improved to 22.43 MU from 17.19 MU in FY24 due to improved waterflow. Given the favourable monsoon conditions in south India this year, power generation levels are expected to improve in the current fiscal.

Long-term PPA with MESCOM

The company has renewed its existing PPA with MESCOM for its entire capacity for the next 10 years, with an option to renew for an additional 10 years. Counterparty risk is assessed as low with a fixed tariff rate and no wheeling, banking, or other charges, as power is sold directly to MESCOM. Timely payments for billed invoices (in line with the PPA) provides comfort.

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

Experienced promoters in operating hydel power projects in Karnataka

The Soham group was founded in 1991 by the late K Sadananda Shetty and his family. The group commenced commercial operations of its first 22MW hydro project. Since then, it completed three additional projects through other subsidiaries, totalling 53.50 MW in capacity. The group is currently managed by Sanjith S Shetty (Chairman and MD) and Suchindra S Shetty.

Key weaknesses

Moderate debt coverage indicators

The standalone debt service coverage ratio (DSCR) of the Phalguni asset stands at unity for the repayment period FY26. The company has been supported by stronger group assets from SIPL for meeting mismatch in the cash flows. However, the loan repayments have narrowed down owing to partial prepayments and the loan will be fully repaid in the near term. The comfort is further drawn from maintenance of debt service reserve account (DSRA) of ₹2.75 crore.

Interest rate fluctuation risk

Bank loans facilities availed for the group are floating in nature, exposing the company to risk of changes in cost factors. Interest cost being the primary cost component on a cash basis, adverse movement in interest rates would impact the group's overall debt-servicing ability.

Hydrological risks associated with run-of-the-river power generation

The run-of-the-river power project has little-to-no capacity for energy storage and therefore depends on flow of river water for power generation. It generates much more power intimes, when seasonal river flows are high and much less in drier months.

Liquidity: Adequate

SPREPL's liquidity is driven by being part of the Soham group. As of June 22, 2025, the group maintained a DSRA balance of ₹12.42 crore with the bank and a free cash bank balance of ₹0.84 crore. Typically, the group's liquidity depends on generation levels of SIPL plants, which contribute over 65% of the total output. Group-level generation is likely to improve in FY26 due to better rainfall and higher water levels in reservoirs.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

SPREPL was incorporated in November 2002 and operates 10.5 MW mini hydel power plants at Gurupur Stream of Nethravathi River (downstream to Soham Mannapitlu project), Dakshina Kannada, Karnataka. The plant became operational since June 27, 2015. The company is part of the Soham group that operates 53.50 MW Hydro Power (across three entities) in Karnataka. The group is led by Sanjith S Shetty (Chairman and MD) and Suchindra S Shetty (Vice-Chairman & Director).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	5.83	7.60
PBILDT	4.45	6.30
PAT	1.78	2.26
Overall gearing (times)	0.19	0.09
Interest coverage (times)	2.96	6.63

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Acuite has continued to place the rating of SMPPL under 'Issuer not cooperating' vide its PR dated April 09, 2025, as the company did not provide requisite information.

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	-	-	-	August 2026	4.93	CARE BBB; Stable

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-Term Loan	LT	4.93	CARE BBB; Stable	-	1)CARE BBB-; Stable (20-Sep-24)	1)CARE BBB-; Stable (28-Jun-23)	-

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: CareEdge 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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