

Soham Mannapitlu Power Private limited

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	17.14 (Reduced from 19.96)	CARE BBB- (RWD)	Continues to be on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) continues to place the rating of Soham Mannapitlu Power Private Limited (SMPPL) under 'rating watch with developing implications' as its 15MW hydro power plant is yet to become fully operational, which was damaged in flash floods in August 2024, affecting the company's operation and liquidity. Since then, the company has nearly completed repair works and the plant is expected to be fully operational by July 2025. The company's ability to start generation by July 2025 and generate envisage power remains to be seen.

The rating continues to factor in SMPPL being part of Soham group with Soham Infrastructure Private Limited (SIPL; rated CARE BBB+; Positive) as the holding company, which has an above-average credit profile. CareEdge Ratings expects that overall group's generation in FY26 would be better than FY25 considering better rainfall and higher water levels in reservoirs. The rating also derives strength from revenue visibility provided by SMPPL's long-term power purchase agreement (PPA) with Mangalore Electricity Supply Company (MESCOM) and timely collection from the off-taker. The rating is constrained by cashflows susceptible to interest rate fluctuation risk and hydrological risks associated with run-on-river projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving credit profile of SIPL and operationalization of SMPPL's unit in timely manner.

Negative factors

- Lower-than-envisaged PLF levels, leading to declining cash accruals of the group.
- Non-operationalising SMPPL in timely manner.
- 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 SMPPL derives managerial and financial linkages from it

Outlook: Not applicable

Detailed description of key rating drivers:

Satisfactory operational track record

The company has shown satisfactory operational track record and timely realisation of receivables in the past. However, in FY25, the plant was damaged due to flash floods in August 2024 and had generated 11.41 MU before the flooding. The plant is expected to be fully operational by mid-July 2025 with repairs nearing completion. The plant's ability to generate power post repair would be a rating monitorable.

Long-term PPA with MESCOM

The company tied up its entire capacity with MESCOM for 20 years since its commercial operations date (COD) in 2009, 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

Generation impacted due to flood

The company's plant was submerged due to flash floods in the region in August 2024, halting generation in the peak season. Repair works have almost completed. Of the total cost of ₹18 crore, ₹14 crore has been incurred entirely out of internal accruals. Entire plant is expected to be operationalised by mid-July'25. The plant is adequately insured for damages caused and has received part insurance amount of ₹4 crore. The company expects another insurance payout of ~₹13 after submission of final bills and has also claimed fire loss of profit (FLOP) insurance of ~₹5 crore. Timely receipt of insurance amount would also help the company in strengthening its liquidity position.

Interest rate fluctuation risk

Bank loans facilities availed for the Soham 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 Soham group's overall debt-servicing ability.

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

Run-of-the-river power projects have little-to-no capacity for energy storage and therefore depends on flow of river water for power generation. It generates much more power in times when seasonal river flows are high and much less in drier months.

Liquidity: Adequate

With SMPPL's plant being non-operational, its liquidity is primarily supported by its association with the Soham group. As on June 22, 2025, the group maintained a DSRA balance of ₹12.42 crore with bank and a free cash bank balance of ₹0.84 crore. Typically, the group's liquidity depends on the generation levels of SIPL plants, which contribute over 65% of the total output. However, the SMPPL plant has been non-operational since August 2024 due to flash floods in the area and is expected to restart in mid-July 2025. Group-level generation is anticipated to improve in FY26 due to better rainfall, and SMPPL's upcoming debt repayments will be covered by other assets of the group.

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

SMPPL was incorporated in April 1993 and has setup 15 MW hydro Power plant near Gurupur stream in Nethravathi river, Dakshina Kannada, Karnataka. The plant became operational since September 07, 2009. The company is a 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	8.70	3.89
PBILDT	6.27	2.02
PAT	-0.73	-3.81

Overall gearing (times)	1.48	2.10
Interest coverage (times)	1.89	0.80

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	-	-	-	December 2028	17.14	CARE BBB- (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 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	17.14	CARE BBB- (RWD)	-	1)CARE BBB- (RWD) (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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