

ES SOLAR PRIVATE LIMITED

July 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	55.48	CARE A+; Stable	Upgraded from CARE A and removed from Rating Watch with Positive Implications; Stable outlook assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating for the bank facilities of ES Solar Private Limited (ESSPL) takes into account the presence of a co-obligor structure with two other entities viz. ES Sun Power Limited (ESSPPL) and ES Energy Private Limited (ESEPL), herein referred to as ES RG.

CareEdge Ratings has upgraded the long-term rating of ESSPL and has simultaneously removed the ratings from watch with positive implications. The upgrade in the rating factors in the improvement in the credit profile of the sponsor along with enhanced clarity regarding the support philosophy of JSW Energy towards the assets of O2 Power. As articulated by the JSW Energy management, the O2 Power's assets are strategic in nature and support requirement if any, shall be forthcoming.

The rating continues to factor in the presence of long-term power purchase agreements (PPAs) with Bangalore Electricity Supply Company Limited (BESCOM, rated CARE BBB; Negative/ CARE A3) for 30 MWAC solar capacity and Mangalore Electricity Supply Company Limited (MESCOM) for 10 MWAC solar capacity leading to revenue visibility for entire capacity under ES RG. The rating favourably factors in the long operational track record of more than nine years with satisfactory generation levels since COD in October 2017 as evident from plant load factor (PLF) of 19.43% in FY22, 19.46% in FY23 and 20.84% in FY24. The generation was lower in FY2025 with PLF of 18.32% on account of lower machine availability. Ability of the projects in ES RG to demonstrate generation in line with past trends shall be a key rating monitorable since revenue is linked to actual generation CareEdge Ratings notes that the payments from the counterparties are being received in a timely manner which supports the liquidity profile as evident from cash and liquid investments of Rs 75.75 crore as on March 31, 2025 including DSRA of Rs 8.95 crore equal to one quarter of debt servicing. Furthermore, the rating favourably factors in healthy tail life of more than four years.

The aforementioned rating strengths are, however, tempered by counterparty credit risk on account of exposure to state utilities which have weak to moderate financial profile. The payment from offtakers has been timely which mitigates the risk to some extent. The rating factors in leverage capital structure of the ES RG as evident from total debt/EBITDA of 6.9 times as on March 31, 2025 which is expected to remain above 4.5 times in the next three years. The ES RG is exposed to interest rate fluctuation risk since interest rate is floating in nature while tariff is fixed for PPA tenor. The rating is also constrained on account of exposure of project cash flows to adverse variations in weather conditions given single part nature of tariff.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Higher-than-envisaged generation on a sustained basis along with better-than-base case coverage and leverage metrics.
- Faster than expected deleveraging of the assets.

Negative factors

- Lower-than-envisaged generation or increase in the borrowing cost or higher-than-envisaged O&M expenses, leading to debt service coverage ratio (DSCR) below 1.20 times.
- Elongation in receivable cycle beyond 120 days on a sustained basis.
- Significant deterioration in the credit profile of JSWEL or any adverse change in linkages/ support philosophy between JSWEL and ES RG.

Analytical approach: Combined plus factoring in parent support. The list of entities which have been combined is presented in **Annexure-6**.

CARE Ratings has applied a combined approach for rating the bank facilities of ESSPPL, ESSPL and ESEPL on account of the presence of an inter-company arrangement for pooling of surplus cash flows from the individual entities to service shortfall in debt servicing if any, in any of these entities. All these SPVs are liable for the full amount of the loan facility on a joint and several

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

basis. These SPVs have cash flow fungibility with respect to movement of the surplus cash, post servicing their respective debt obligations. These SPVs are in similar line of business and also have a common management. Hence, the financial and business risk profiles of these entities have been combined. Furthermore, the linkage of RG with the ultimate parent entity, i.e., JSWEL has also been considered.

Outlook: Stable

The stable outlook has been assigned which factors in the presence of long-term PPA, satisfactory generation track record which is expected to sustain in the future and timely receipt of payments from the off taker leading to stable cash flows.

Detailed description of the key rating drivers

Key strengths

Strong parentage of JSWEL

ES RG benefits from the robust credit profile of its ultimate parent, JSWEL, which is supported by its large-scale operations and diversified business activities. JSWEL operates across multiple states in the power generation and transmission sectors. As of March 2025, it had an operational generation capacity of 10.9 GW (12.1 GW post-acquisition of O2 group in April 2025), comprising thermal (52%), hydro (13%), and renewable energy (35%). Additionally, it has approximately 9.2 GW of capacity under construction, excluding storage and inorganic projects. Its financial flexibility is strengthened by its affiliation with a seasoned and resourceful promoter group.

Low sales risk due to long-term PPA

Entire 40-MW_{AC} capacity of ESSPPL, ESSPL and ESEPL is tied up for 25 years from COD at a fixed tariff of ₹6.10 per unit, which provides long-term revenue visibility. 75% capacity is tied up with BESCOM under ESSPPL and ESSPL, while the balance 25% capacity is tied up with MESCOM under ESEPL.

Although there has been an instance of dispute between ESSPL and BESCOM due to which BESCOM was paying at an interim tariff, the dispute has been resolved in favour of ESSPL with complete settlement of arrears. The presence of payment security mechanism in form of Letter of Credit equivalent to one month of billing adds further strength to PPA.

Operational track record of over nine years, however, lower generation in FY25 against FY24

The entire 40-MW_{AC} capacity of the ES RG achieved commercial operations date (COD) in October 2017 and has an operational track record of over nine years. ES RG's generation levels declined in FY25 as evident from PLF of 18.32% against 20.84% in FY24 due to machine availability issues which were resolved in FY25. Average PLF for last five years stood at 19.69%.

The generation levels are expected to improve in future on account of repowering with aggregate capacity of 6.6 MWp out of which 1.9 MWp has been completed in FY2025 and rest is envisaged to be completed by FY26 end. It may be noted that no incremental debt is being availed for repowering. Hence, the debt coverage metrics are expected to improve on account of higher generation.

Favourable lending terms leading to comfortable projected debt coverage indicators

Comfort is derived from the stipulation of one quarter of DSRA and provision for cash sweep enabling prepayment upon achievement of certain level of cash. As per CareEdge Ratings base case, the projected average debt service coverage ratio is moderately comfortable at above 1.3 times for loan tenor. The presence of a structured waterfall mechanism, fungibility of the surplus cashflows among the SPVs provides comfort. The structure also exhibits some off-taker diversification.

Key weaknesses

Exposure to counterparty credit risk profile

The off-takers of ES RG have moderate credit risk profile. Both the discoms have stretched liquidity due to high receivables and modest ACS-ARR gap due to higher power purchase cost. However, CARE Ratings notes that the company has been receiving payment on a timely basis in the last 2-3 years.

Exposure to climate risk

As tariffs are one part in nature, ES RG may book lower revenues in the event of lower/non-generation of power due to variation in weather conditions and/or equipment quality. This, in turn, would affect its cash flows and debt servicing ability. The geographical concentration of asset amplifies the generation risk.

Leveraged capital structure

The loan includes sizable top-up leading to leveraged capital structure for the ES RG as evident from total debt/EBITDA of 6.9 times as on March 31, 2025 which is expected to remain above 4.5 times in the next three years. CARE Ratings observes that the presence of stipulation of put option at the 10th year by the lender exposes it to refinancing risk.

Liquidity: Adequate

There is reasonable headroom between the projected gross cash accrual (GCA) for FY25 and FY26 vis-à-vis its debt repayment obligations. Timely receipt from the off-takers characterised by average collection period of around 90 days provides comfort. ES RG's combined cash and bank balance stood at ₹66.80 crore as on March 31, 2025. ES RG is also maintaining one quarter DSRA of ₹8.95 crore. While ES RG does not have sanctioned working capital limit, its parentage provides some financial flexibility.

Applicable criteria

[Consolidation & Combined Approach](#)

[Policy on Default Recognition](#)

[Notching by Factoring Linkages in Ratings](#)

[Financial Ratios – Non financial Sector](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Infrastructure Sector Ratings](#)

[Solar Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

ES Solar Private Limited (ESSPL) is a special purpose vehicle incorporated on September 09, 2015, by the Emmvee Group and has set up a 10 MW (AC)/11.7 MW (DC) Solar PV ground-mounted project in Janawada Hobli Taluk, Bidar District, Karnataka. During April 2022, O2 Power SG Pte Ltd acquired the entire stake of ESSPL thus making ESSPL its 100% subsidiary. The entire capacity of 10 MW is operational since October 2017

Brief Financials: ESSPL (Standalone)

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	10.83	10.11
PBILDT	9.04	8.21
PAT	2.61	3.22
Overall gearing (times)	2.72	2.22
Interest coverage (times)	1.87	1.98

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

Brief Financials: ES RG (Combined)*

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	44.4	38.9
PBILDT	38.6	30.5
PAT	11.5	10.6
Overall gearing (times)	2.5	2.17
Interest coverage (times)	1.9	1.67

A: Audited; Prov.: Provisional; Note: 'the above results are latest financial results available'; *combined financials of ESSPPL, ESSPL and ESEPL as per CARE Estimates

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-Term Loan		-	-	September 2038	55.48	CARE A+; 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	55.48	CARE A+; Stable	-	1)CARE A (RWP) (07-Jan-25) 2)CARE A; Stable (01-Oct-24)	1)CARE A-; Stable (18-Sep-23)	1)CARE A-; Stable (14-Sep-22)

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](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	ES Sun Power Private Limited	Full	Operational and financial linkages
2.	ES Energy Private Limited	Full	Operational and financial linkages

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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