

Kas On Site Power Solutions LLP

February 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	51.33 (Reduced from 67.72)	CARE A; Positive	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating reaffirmation on bank facilities of KAS On Site Power Solutions LLP (KAS), which is operating a 30 MW (DC) /21.99 MW (AC) solar power plant in Tamil Nadu, factors in long operational track record of over eight years with satisfactory generation performance and timely collections. The plant load factor (PLF) stood at 25.5% in FY25, which was slightly lower than 26.9% in FY24 due to lower irradiance levels in the period. Generation performance in 9MFY26 was lower at 23.3% (25.4% in 9MFY25), due to some one-off internal equipment failures resulting in reduced machine availability, which has been resolved subsequently. In its base case, CARE Ratings Limited (CareEdge Ratings) has assumed some moderation in generation in FY26 over FY25, however going forward, generation is expected to remain in line with historic trend post FY27.

The rating continues to be supported by presence of a long-term power purchase agreement (PPA) for 25 years under the group captive mechanism with STT GDC India Private Limited (STT GDC India, rated CARE AA+; Stable/CARE A1+) for its entire capacity at a tariff of ₹ 7.00 per unit (FY25) with an annual escalation of 1%, with a lock-in period of 10 years. Per CareEdge Ratings base case, debt protection metrics are expected to be comfortable with average debt service coverage ratio (DSCR) being ~1.25x considering the case where the tariff reduce to ₹3.50 per unit post expiry of lock-in period. CareEdge Ratings takes a note of the presence of a two-quarter debt service reserve account (DSRA) reserve, operations and maintenance (O&M) reserve, and inverter replacement reserve (IRR), which provide comfort from the credit perspective.

The rating is constrained considering the firm's leveraged capital structure and PPA renewal risk, considering there are no termination payments post the lock-in period (10 years from commissioning). However, risks are mitigated to an extent as ~75% of the sanctioned debt (excluding cash sweep) would get amortised within the lock-in period. The firm's capital structure is leveraged as reflected by total external debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) of 2.2x as on FY25 end. Going forward, per CareEdge Ratings' base case, leverage is expected to moderate with TD/EBITDA expected to remain range bound between 1.0 – 1.7x in the next few years. CareEdge Ratings notes that the rate of interest for the firm is fixed for an initial period of three years with two lenders and would be subject to reset after every subsequent three years, mitigating interest rate risk to some extent. CareEdge Ratings also factors in exposure of project cash flows to adverse variation in weather conditions given the single part tariff for the project and asset concentration risk given the full capacity is in a single state. Given the constitution as a limited liability partnership (LLP), CareEdge Ratings notes that sizeable withdrawals by partners would have a negative bearing on the financial profile of KAS and will continue to remain a key rating sensitivity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in actual generation levels on a sustained basis resulting in improvement in coverage metrics
- Faster than expected deleveraging of asset
- Continuation of the existing PPA tariffs beyond the lock-in-period of 10 years

Negative factors

- Deterioration in generation performance or delays in receiving payments from offtaker i.e., STT GDC India thereby adversely impacting the liquidity profile and debt protection metrics
- Early termination of the present PPA with STT Global Data Centres India Private Limited or renegotiation in the PPA tariff below the estimated rate resulting in moderation of average DSCR below 1.20x.
- Sizeable withdrawals by partners deteriorating the overall capital structure

Analytical approach: Standalone plus parent notch up

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

CareEdge Ratings expects KAS's parent, CMEESPL to be willing to extend need-based support to KAS, given the strategic importance of KAS for CMEESPL.

Outlook: Positive

The positive outlook on the CARE A rating of KAS considers CareEdge Ratings' positive outlook on CMEESPL. CareEdge Ratings has maintained a positive outlook on the CMEESPL's long-term rating, as financial flexibility is expected to remain strong under either scenario: successful primary capital raise through the IPO, or Brookfield Global Transition Fund's (BGTF) reinstatement as the majority shareholder.

Detailed description of key rating drivers:**Key strengths****Revenue visibility due to presence of long-term PPA with strong counterparty with established payment track record**

KAS entered a long-term PPA (in November 2015) with Tata Communications Limited (TCL), which was novated (in October 2023) by TCL in favour of STT GDC India under the group captive mechanism for the entire operational capacity at a tariff of ~₹ 7.0 per unit with an annual escalation of 1%. The PPA has been signed for a term of 25 years with a lock-in period of 10 years with termination penalties from the off-taker in case of an exit from the PPA in the lock-in period. The project's collection cycle is satisfactory with payments being received within seven days from raising of invoices.

Satisfactory operational track record with generation performance being in-line with P90 estimates

The 30-MW grid connected solar photovoltaic (PV) capacity under KAS was commissioned in March 2017. The project has an operational track record of over eight years with generation being in broadly line with designed energy levels. The project registered a satisfactory generation performance as reflected by PLF of 25.5% in FY25 against 26.9% in FY24. The generation was slightly lower in FY25 against FY24 due to lower irradiance levels in the period. Generation performance in 9MFY26 was lower at 23.3% (25.4% in 9MFY25), due to some one-off internal equipment failures, resulting in reduced machine availability, which has been resolved subsequently. CareEdge Ratings in its base case assumed some moderation in generation in FY26 over FY25 however going forwards, the generation is expected to remain in line with historic trend post FY27.

Comfortable debt protection metrics with DSRA of two quarters in place

CareEdge Ratings has sensitised coverage indicators, post the expiry of lock-in period, and the firm should still have significant cushion, as indicated by average DSCR remaining ~1.25x, considering the case where tariff declines to ₹~3.5 per unit post the initial lock-in period. Present debt sanction as a healthy tail period of ~7 years, which provides adequate financial flexibility.

Per terms of the sanction, the lender has exercised the cash sweep option and swept a cumulative of ₹11.0 crore till FY25. The firm continues to maintain DSRA equivalent to two quarters of debt servicing in the form of bank guarantee (BG). CMEESPL has provided sponsor support undertaking to KAS to meet shortfall in DSRA / operating expenses, to infuse additional funds in case of increase in O&M expenses and to meet the difference between outstanding facility amounts and termination payments, in case of termination of the PPA for reason.

Key weaknesses**Leveraged capital structure and exposure to interest rate risk**

KAS's capital structure is leveraged considering the debt-funded capex incurred for setting up the project, which is customary to the renewable sector. Subsequently, the firm's TD/EBITDA stood at 2.2x as on FY25-end. Going forward, per CareEdge Ratings' base case, the leverage is expected to moderate with TD/EBITDA expected to remain range bound between 1.0 – 1.7x in the next few years. Given the leveraged capital structure, single-part nature of the fixed tariff in the PPA, and floating interest rates, its profitability remains exposed to increase in the interest rates. However, CareEdge Ratings notes that the rate of interest for the firm is fixed for an initial period of three years with two lenders and would be subject to reset after every subsequent three/five years; mitigating interest rate risk to some extent.

PPA renewal risk and tariff renegotiation risk after expiry of lock-in period

The firm is exposed to risks of early PPA termination and tariff renegotiation post the expiry of tenth year given the increased competition in the renewable power sector and considering the tariffs offered by STT GDC India Private Limited are on a higher side. However, presence of termination payments up to lock-in period in the PPA and economic interest of the off-taker in the form of 26% shareholding in the provide some comfort from credit perspective.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one part in nature, the firm may book lesser revenues from non-generation of power due to variation in weather conditions and/or equipment quality. This would affect its cash flows and debt coverage metrics.

Partnership nature of the firm

KAS is a limited liability partnership firm managed by Clean Max and STT GDC India. The firm's credit risk profile is constrained by the constitution of the entity as there is an inherent risk of withdrawal of the capital infused by partners in a partnership firm. However, this is mitigated to an extent as the cash flows of the LLP are monitored through the TRA agreement in-line with sanctioned terms.

Liquidity: Adequate

As on December 31, 2025, the firm had free cash and bank balance of ₹~13.0 crore. This apart, firm has ~₹16 crore of encumbered cash balance towards O&M reserve (₹1.62 crore), IRR reserve (₹3.17 crore) and cash margin against DSRA BG (2 quarter DSRA - ₹11.25 crore).

As per CARE' Ratings' base case, GCA is expected to range between Rs. 19-22 crore over FY25-FY27 as against annual repayments of Rs. 15-17 crore.

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](#)

[Solar Power Projects](#)

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

KAS is a special purpose vehicle (SPV) promoted by Clean Max Enviro Energy Solutions Private Limited (CMEESPL, rated CARE A+; Positive/CARE A1+) and STT GDC India for solar power project in Tamil Nadu. CMEESPL holds 74% and STT GDC India holds 26% in accordance with the regulations pertaining to group captive power policy of Government of Tamil Nadu. KAS has signed a long term PPA contract for 25 years with lock-in period of 10 years for entire capacity under group captive mechanism. The project was commissioned in March 2017.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	37.3	34.9
PBILDT*	32.1	29.0
Profit after tax (PAT)	10.2	9.9
Overall gearing (x)	1.0	0.7
Interest coverage (x)	3.6	4.0

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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		-	-	31-03-2035	51.33	CARE A; Positive

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	51.33	CARE A; Positive	-	1)CARE A; Positive (19-Feb-25)	1)CARE A; Stable (22-Feb-24)	1)CARE A; Stable (01-Mar-23) 2)CARE A; Stable (05-Apr-22)

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.

Contact us

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