

February 28, 2025

MB Green Energy Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Term loan	11.85	11.85	[ICRA]BB+ (CE) (Stable); reaffirmed
Total	11.85	11.85	

Rating without explicit credit enhancement

[ICRA]BB-

*Instrument details are provided in Annexure I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

For the [ICRA]BB+(CE) (Stable) rating

The above rating is based on the strength of the corporate guarantee provided by Maheswari Mining and Energy Pvt. Ltd. (MMEPL), the parent of MB Green Energy Private Limited (MBGEPL), for the rated borrowing programme. The Stable outlook on this rating reflects ICRA's outlook on the long-term rating of the guarantor, MMEPL.

The downward revision in the unsupported rating of MBGEPL factors in the subpar generation levels and lumpy debt service obligations which is expected to lead to the company's Debt service coverage ratio (DSCR) being in the range of 0.6-0.7 times between FY2025 and FY2027. ICRA notes that there has been a delay in stabilisation of the assets under MBGEPL, with the generation performance remaining significantly lower the P-90 PLF estimate since commissioning. Further, the company had received capital subsidy, which was used to prepay outstanding debt, but the repayment terms have not yet been revised to reflect the reduced debt amount, which has impacted the liquidity profile and the debt coverage metrics of the company. Also, the vulnerability of MBGEPL's cash flows to weather conditions and module performance, considering the single part and fixed nature of the tariff under the PPAs, and the impact of the interest rate movement on the company's debt coverage metrics because of the fixed tariffs also constrain the unsupported rating.

The unsupported rating, however, positively factors in the limited demand and tariff risks for its 8.21-MW solar power capacity because of the long-term power purchase agreements (PPAs) with various Government institutions under the rooftop scheme of the Solar Energy Corporation of India (SECI). The unsupported rating also considers the reputed and diversified mix of customers, comprising various Government institutions such as the All India Institute of Medical Sciences (AIIMS), the Indian Council of Agricultural Research (ICAR) and the Central Reserve Policy Force (CRPF), across different geographies and the payment track record from the customers have remained largely timely. Further, the unsupported rating factors in the competitive tariff rates, which vary from Rs. 1.89 per unit to Rs. 3.33 per unit and remain at a substantial discount to the grid tariff rates offered by the respective state distribution utilities (discoms).

Adequacy of credit enhancement

For assigning the rating, ICRA has assessed the attributes of the guarantee issued by MMEPL in favour of the rated facility of MBGEPL. While the guarantee is legally enforceable, irrevocable, continuing, covers the entire amount and tenure of the rated instrument, it does not have a well-defined payment mechanism. Taking cognisance of the above, ICRA has assigned a rating of [ICRA]BB+ (CE) to the said facility against the unsupported rating of [ICRA]BB- [and in relation to the guarantor's rating of [ICRA]BB+]. In case the rating of the guarantor or the unsupported rating of MBGEPL was to undergo a change in future, the same would have a bearing on the rating of the aforesaid facility as well. The rating of this facility may also undergo a change in a scenario whereby in ICRA's assessment there is a change in the strength of the business linkages between the guarantor and the rated entity; or there is a change in the reputation sensitivity of the guarantor to a default by the rated entity; or there is a change in the strategic importance of the rated entity for the guarantor.

Salient covenants of the rated facility

- The company should not make investments in associates/ subsidiaries without the prior approval of the bank
- The company should not extend any corporate guarantee on behalf of its associates/subsidiaries without prior approval of the bank
- Any reduction in the project cost shall reduce the loan amount proportionately

For the [ICRA]BB+ (Stable) rating of MMEPL, the Parent

The rating of Maheswari Mining and Energy Private Limited (MMEPL) reflects the revenue visibility from the long-term PPAs for its 63.21 MW operational capacity, supported by the strong performance of its 25 MW Telangana solar plants and the improved payment discipline of TSSPDCL, which has reduced its payment cycle to three months in FY2024. However, the subdued generation in Assam (10 MW), Uttar Pradesh (20 MW), and the distributed rooftop projects (8.21 MW), along with the non-revision of repayment terms following the use of TSSPDCL dues for loan prepayment, has stretched the liquidity and increased the risk of cash flow mismatches. While the high tariff of Rs. 6.45 per unit raises grid curtailment risks for the Telangana projects, the competitive tariffs in Assam and Uttar Pradesh provide some cushion. The company remains exposed to solar generation variability, interest rate fluctuations, and regulatory uncertainties, though promoter support through equity and unsecured loans help tide over risks associated with cash flow timing mismatches. The Stable outlook on the rating reflects ICRA's opinion that company would benefit from the long-term PPAs, demonstration of healthy generation performance of Telangana solar assets, and the improved payment discipline of the state discom, which is expected to keep its credit metrics at a satisfactory level commensurate with the current rating category.

Key rating drivers and their description

Credit strengths

Presence of unconditional, irrevocable, and continuing corporate guarantee from MMEPL – The parent, MMEPL, has supported MBGEPL by extending a corporate guarantee that is unconditional, continuing and irrevocable. This indicates a strong intent to support by the parent company to MBGEPL. The promoters have experience of more than five years in the solar power business and are also involved in coal and commodities trading. The Group has 63.21 MW of operational solar power capacity across different parts of India.

Low demand risk – MBGEPL had been awarded 9 MW (reduced to 8.21 MW) of solar rooftop projects by SECI; these rooftop panels are set up on various Government buildings across multiple states. The company has signed PPAs for the entire capacity for 25 years at a fixed tariff with various Government institutions. The PPAs also include a provision for termination payments, which mitigates downside risks associated with premature PPA termination.

Competitive tariff rates offered by the company – The weighted average tariff rate for MBGEPL's portfolio is Rs. 2.48 per unit (varying from Rs. 1.899 - 3.33 per unit). The tariffs are highly competitive and remain at a substantial discount to the grid tariff rates offered by the respective state discoms.

Reputed and diversified customer profile - The PPAs with reputed customers mitigate the counterparty risk to an extent. While the payment track record has varied across sites since commissioning, the presence of a diversified clientele has resulted in timely payments.

Credit challenges

Cashflow timing mismatch arising out of lumpy debt schedule repayments – The company had received a capital subsidy of Rs. 16.78 crore from SECI against the earlier expected subsidy of Rs. 19.43 crore due to a revision in the incentive structure notified and certain deductions for delays in commissioning. Of the received subsidy, Rs. 10.66 crore was used to prepay the outstanding debt. However, the repayment terms for the residual debt have not yet been revised to reflect the reduced debt amount, resulting in a stretched liquidity.

Debt metrics for solar projects remain sensitive to PLF levels –The company’s cash flows remain linked to the generation achieved by its solar power projects, given the single-part tariff under the PPA. The generation would remain sensitive to weather conditions, equipment quality and O&M practices. While comfort can be drawn from the diversification in the asset base, the generation performance since commissioning remains below the P-90 PLF estimate.

Exposed to interest rate risk – The project remains exposed to interest rate risk, given the single-part fixed nature of the tariff, high leverage level, and floating interest rates. An increase in interest rates can exert pressure on the debt coverage metrics.

Credit profile of support provider constrained by subdued generation performance, weak tariff competitiveness of Telangana projects, stretched liquidity position, and high counterparty credit risks – The credit profile of MMEPL remains constrained by subdued generation performance across its assets in Assam, Uttar Pradesh, and the rooftop solar projects, with the PLFs being well below P-90 estimates. The liquidity, too, remains stretched due to the lumpy scheduled debt service obligations even as the proceeds of TSSPDCL’s dues for loan prepayment, increasing the risk of cash flow timing mismatches. The high tariff of Rs. 6.45 per unit against the average power purchase cost (APPC) of the utility for the Telangana projects raises grid curtailment risks, though the competitive tariffs in Assam and Uttar Pradesh offer some cushion. However, the adequate debt coverage ratios and promoter support through equity and unsecured loans provide some financial resilience.

Liquidity position:

For the guarantor, MMEPL: Stretched

The liquidity position is stretched owing to the lumpy scheduled debt repayments, the subdued generation performance of the recently commissioned projects, and utilisation of dues realized from TSSPDCL towards prepayment of unsecured loan. At a consolidated level, the available unencumbered cash balances in books as on October 30, 2024, were Rs. 1.05 crore along with DSRA of Rs. 11.89 crore.

For MBGEPL: Stretched

The liquidity position is stretched owing to lumpy debt service obligations and subpar generation levels. The non-revision of repayment terms of the residual outstanding debt, post the receipt of the subsidy, is expected to lead to cash flow timing mismatches and suppressed DSCR. The cash available with company as on October 30, 2024 is Rs. 0.31 crore along with a DSRA of Rs. 1.23 crore which is sufficient to cover for the ensuing three months of debt servicing.

Rating sensitivities

For the guarantor, MMEPL

Positive factors – The rating could be upgraded if there is a significant improvement in the generation performance of the operational plants, leading to an improvement in the credit metrics and liquidity profile.

Negative factors – The rating can be downgraded in case of an underperformance in generation by the solar power assets, which will adversely impact the company’s liquidity position. Any large debt-funded capex by the company could be another trigger for downgrade.

For MBGEPL

Positive factors – The rating remains sensitive to any improvement in the credit profile of the guarantor, MMEPL.

Negative factors – The rating remains sensitive to any deterioration in the credit profile of the guarantor, MMEPL. Continued under-performance in generation against the appraised level or delays in receiving payments from the customers, adversely impacting the liquidity profile, would be the other factors that could exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power – Solar
Parent/Group support	Parent: Maheswari Mining & Energy Pvt. Ltd. The rating assigned to MBGEPL factors in the low likelihood of its parent extending financial support to it because of the close business linkages between them and the corporate guarantee extended by the parent to MBGEPL
Consolidation/Standalone	The rating is based on the standalone financial profile of MBGEPL

About the company

MB Green Energy Private Limited (MBGEPL) is a 100% subsidiary of Maheswari Mining & Energy Pvt. Ltd and has set up 8.21-MW solar rooftop projects awarded by SECI under the RESCO model. The tariffs are fixed based on the project zones, starting from Rs. 1.899 per unit to Rs. 3.33 per unit valid for a period of 25 years from CoD. Further, the projects were eligible for subsidy from SECI, based on the project zone and target achievement. The assets in Zone-2 were commissioned in August 2021, Zone-3 assets between July 2021 and September 2021, Zone-4 assets in August 2021 with the full DC capacity installed gradually in FY2023.

Key financial indicators (audited)

MBGEPL (Standalone)	FY2023	FY2024
Operating income	2.46	2.32
PAT	0.73	-1.34
OPBDIT/OI	76.39%	61.49%
PAT/OI	29.48%	-57.69%
Total outside liabilities/Tangible net worth (times)	-38.09	1.55
Total debt/OPBDIT (times)	20.44	14.70
Interest coverage (times)	0.61	0.62

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Feb 28, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	11.85	[ICRA]BB+ (CE) (Stable)	Nov-21-2023	[ICRA]BB+ (CE) (Stable)	Sep-21-2022	[ICRA]BB+ (CE) (Stable)	Oct-18-2021	[ICRA]BBB- (CE) (Stable)
Unallocated	Long-term	-		-	-	Sep-21-2022	[ICRA]BB (Stable)	Oct-18-2021	[ICRA]BB+ (Stable)

*[ICRA]BB+ (Stable) has been withdrawn and simultaneously [ICRA]BBB- (CE) (Stable) has been assigned

Complexity level of the rated instrument

Instrument	Complexity indicator
Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	Jun 2021	-	FY2036	11.85	[ICRA]BB+ (CE) (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Vikram V
+91 40 6939 6410
Vikram.v@icraindia.com

Ritabrata Ghosh
+91 33-61143438
ritabrata.ghosh@icraindia.com

Ruchi Hota
91 70771 02900
ruchi.hota@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



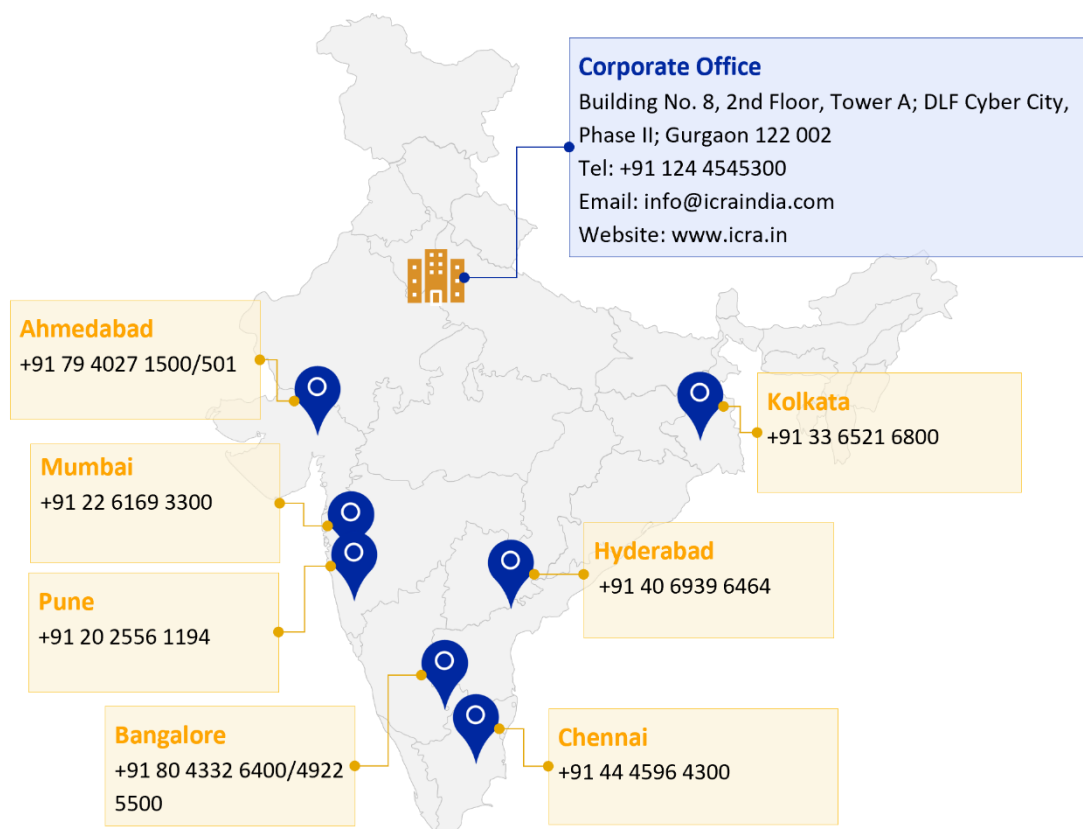
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.