

August 22, 2024

## IB Vogt Solar Four Private Limited: Ratings upgraded to [ICRA]BBB+ (Stable)

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan	56.0	56.0	[ICRA]BBB+ (Stable); upgraded from [ICRA]BBB (Stable)
<b>Total</b>	<b>56.0</b>	<b>56.0</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating upgrade for IB Vogt Solar Four Private Limited (IVSFPL) factors in the 15 MW solar plant's satisfactory generation performance since it commissioned operations in June 2023 resulting in comfortable debt coverage metrics despite PLF being lower than P-90 estimates. The cumulative debt service coverage ratio (DSCR) is around 1.40-1.45 times. The rating factors in the low offtake risks resulting from long-term power purchase agreements (PPA) for 25-years signed with, Gaursons Hi-Tech Infrastructure Private Limited (GHIPL, rated [ICRA]BBB+ (Stable)) and Gaursons India (Private) Limited (GIPL, rated [ICRA]BBB+ (Stable)) under the group captive mode at Rs.8.12 per unit and Rs 8.32 per unit and for GHIPL and GIPL respectively. The payment track record from the off takers has been satisfactory. ICRA expects the Gaurson Hi-Tech Infrastructure Private Limited (GHIPL) to extend timely support to IVSFPL in case of any cashflow mismatches, given strong business linkages, strategic importance and the GHIPL's reputation sensitivity to default. The power sourced from IVSFPL would enable the Gaursons Group to increase the share of renewable energy consumption in its energy mix.

The rating is, however, constrained by the sensitivity of generation to solar-irradiation levels and module performance as the revenues are linked to the actual units generated, in view of the single-part tariff structure in the PPA. Any adverse variation in weather conditions and equipment performance can impact the generation levels and consequently the cash flows and debt coverage metrics. This is amplified by the geographic concentration of the asset as the entire capacity is located at a single location in Mahoba district, Uttar Pradesh. ICRA also notes that IVSFPL is exposed to regulatory risks associated with the scheduling and forecasting norms for solar projects. Further, the debt coverage metrics remain exposed to the interest rate movements.

The Stable outlook on IVSFPL's rating factors in the in the steady cash flow visibility provided by the operational status of the project with a long-term PPA in place and timely collections from the customers resulting in comfortable debt coverage metrics.

### Key rating drivers and their description

#### Credit strengths

**Revenue visibility due to long term PPAs; satisfactory credit profile of customers** – The company has long-term PPAs for 25 years signed with, Gaursons Hi-Tech Infrastructure Private Limited (GHIPL, rated [ICRA]BBB+ (Stable)) and Gaursons India (Private) Limited (GIPL, rated [ICRA]BBB+ (Stable)) under the group captive mode at Rs 8.12 per unit and Rs 8.32 per unit and for GHIPL and GIPL respectively. The payment track record from the off takers has been satisfactory.

**Comfortable projected debt coverage metrics** – The 15 MW solar plant's generation performance is satisfactory since it commissioned operations in June 2023 resulting in comfortable debt coverage metrics despite PLF being lower than P-90 estimates. The cumulative debt service coverage ratio (DSCR) is around 1.40-1.45 times,

**Strong financial and managerial support as part of Gaursons Group, which has an established track record in the Delhi/NCR real estate market** – ICRA notes the company's parentage as a part of the Gaursons Group, wherein GHIPL {rated [ICRA]BBB+(Stable)} holds a 74% stake while GIPL {rated [ICRA]BBB+(Stable)} holds the balance 26%. The power sourced from IVSFPL would enable the Gaursons Group to increase the share of renewable energy consumption in its energy mix. ICRA expects the GHIPL to extend timely support to IVSFPL in case of any cashflow mismatches, given strong business linkages, strategic importance and the GHIPL's reputation sensitivity to default.

### Credit challenges

**Single asset operations; geographic concentration risk** – There is a geographic concentration risk associated with the asset as the entire capacity of 15 MW solar power is located at a single location in Uttar Pradesh thus amplifying the generation risk.

**Vulnerability of cash flows and sensitivity of debt metrics to energy generation** – The cash flow and debt metrics of the company remain sensitive to generation from the 15 MW solar power project, considering the single part nature of the tariff under the PPA. Any adverse variation in weather conditions and equipment performance can impact the generation levels and consequently the cash flows and debt coverage metrics.

**Exposure to interest rate and regulatory risks** – The debt coverage metrics remain exposed to the interest rate movement, as the floating interest rates are subject to regular resets. In addition, IVSFPL is exposed to regulatory risks associated with the scheduling and forecasting norms for solar projects and any changes in the group captive norms.

### Liquidity position: Adequate

The liquidity position of the company is expected to be adequate on account of stable cashflow from operations supported by long-term PPAs at fixed rates for the project along with timely receipt of payments from its customers. Further, the company has debt repayment obligations to the tune of Rs 5.1 crore both in FY2025 and FY2026 which is expected to be met comfortably through its healthy cash flow from operations.

### Rating sensitivities

**Positive factors** – ICRA could upgrade IVSFPL's rating, in case of improvement in standalone credit profile of the entity along with demonstrated track record of generation performance in line or above the P-90 estimate including timely payment from the off takers, leading to healthy credit metrics on a sustained basis and the rating could improve if the credit profile of its parent, GHIPL, improves.

**Negative factors** – The rating could be downgraded, if lower generation performance adversely impacts the cash flows and coverage metrics. Further, any significant delays in receiving payments from the offtakers, adversely impacting the company's liquidity, would be a negative trigger. Any weakening of the credit profile of the parent, or any change in linkages/support philosophy between the parent and IVSFPL would be a negative factor.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Power - Solar</a>
Parent/Group support	Group support: Gaursons Hi-Tech Infrastructure Pvt Ltd and Gaursons India (P) Ltd. (rated [ICRA]BBB+ (Stable)); The rating factors in the expected financial support from Gaurson Group to IVSFPL, given strategic importance and to protect Gaurson Group's reputation from the consequences of group entity's distress.
Consolidation/Standalone	Standalone

## About the company

IB Vogt Solar Four Private Limited is a 74% subsidiary of GHIPL with the remaining 26% shareholding held by GIPL. The company operates a solar plant with DC capacity of 15 MWp located in Mahoba district, Uttar Pradesh, under the group captive mode. The plant got operational on June 1, 2023.

### Key financial indicators (audited)

	FY2023	FY2024*
Operating income	0.0	10.5
PAT	0.0	1.2
OPBDIT/OI	-	89%
PAT/OI	-	12%
Total outside liabilities/Tangible net worth (times)	11.9	10.4
Total debt/OPBDIT (times)	-949.7	7.9
Interest coverage (times)	-189.0	1.6

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

Current (FY2025)				Chronology of rating history for the past 3 years							
				FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	Aug 22, 2024	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term-term loan-fund based	Long Term	56.00	[ICRA] BBB+ (Stable)	-	-	12-Jun-23	[ICRA]BBB (Stable)	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – 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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
-	<b>Term Loan</b>	February 2023	-	FY2035	56.0	[ICRA]BBB+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

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