Ayana Renewable Power Three Private Limited

February 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	48.00	CARE A (RWP)	Upgraded from CARE A-; Stable; Placed on Rating Watch with Positive Implications
Long Term / Short Term Bank Facilities	1,175.00	CARE A / CARE A1 (RWP)	LT rating upgraded from CARE A-; Stable and ST rating assigned; Placed on Rating Watch with Positive Implications
Long Term / Short Term Bank Facilities	37.00	CARE A / CARE A1 (RWP)	Upgraded from CARE A-; Stable / CARE A2+; Placed on Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in the ratings assigned to the bank facilities of Ayana Renewable Power Three Private Limited (ARPT), which is operating a 300 MW_{AC} (432 MW_{DC}) capacity in Rajasthan, factors in the successful commissioning of the entire capacity in a phased manner between June 2024 to February 2025, as against its SCOD in March 2025. Moreover, the project was completed without any cost overrun. The ratings continue to derive strength from the strong parentage by virtue of ARPT being a wholly owned subsidiary of Ayana Renewable Power Private Limited (ARPPL). The stated posture of ARPPL towards ARPT is adequately articulated in the form of a limited period sponsor undertaking which is expected to remain valid till the achievement of base case generation for a continuous period of 12 months. The ratings continue to draw comfort from the presence of long-term (25 years) power purchase agreement (PPA) at Rs. 2.38 per unit for the entire capacity with Solar Energy Corporation of India (SECI) and comfortable debt coverage metrics as reflected by average Debt Service Coverage Ratio (DSCR) being around 1.2x for the tenor of the debt.

CARE Ratings Limited (CARE Ratings) has put the long-term rating on rating watch with positive implications as ONGC-NTPC Green Private Limited (ONGPL) which is a 50:50 joint venture (JV) between ONGC Green Limited (OGL) and NTPC Green Energy Limited (NGEL) has signed share purchase agreement (SPA) with National Investment and Infrastructure Fund (NIIF), British International Investment Plc (BII) and its subsidiaries, and Eversource Capital (GGEF) for acquisition of 100% equity stake in ARPPL. This acquisition is subject to approval from Competition Commission of India (CCI), the relevant lenders and regulators. The Ayana platform has been valued at an overall enterprise value of approximately ₹ 19,500 crore (~USD 2.3 billion).

CARE Ratings expects the aforementioned development to have a favourable impact on the credit profile of ARPPL. CARE Ratings will resolve the rating watch upon gaining further clarity on the impact on ARPPL's credit profile post completion of the aforementioned transaction which would be determined based on the stated posture of the new shareholders towards ARPPL along with the platform's leverage philosophy. As articulated by the management, the transaction is expected to be completed within the next few months, subject to attainment of regulatory and lender/s approvals. CARE Ratings will continue to monitor the developments related to the acquisition and assess the impact on the credit risk profile of ARPPL and its underlying entities.

The rating is, however, constrained by the presence of refinancing risk due to bullet repayment of ~25% in June 2042. However, the same is mitigated as the project life coverage ratio (PLCR) at the time of refinancing is expected to be above 1.3x. Furthermore, rating is constrained due to the leveraged capital structure as the project is funded in a debt equity mix of 75:25. The same is likely to result in a Total Debt/EBITDA in excess of ~7.0x during the initial few years. Consequently, the company remains exposed to variations in the interest rates as the debt is linked to floating rates. CARE Ratings also takes into account vulnerability of project cash flows to adverse variation in weather conditions, given the PPA tariff is single part and fixed for the full tenor.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the credit profile of the parent i.e., ARPPL
- Actual generation being in line with P-90 levels on a sustained basis resulting in improvement in coverage indicators as reflected by average DSCR above 1.25x

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

- Faster than expected deleveraging of the asset

Negative factors

- Significant underperformance in generation and/or any increase in the debt levels weakening the cumulative DSCR on project debt to less than 1.15x, on a sustained basis
- Weakening of the credit profile of the parent, or any change in linkages/support philosophy of ARPPL towards ARPT

Analytical approach: Standalone plus factoring in parent support

CARE Ratings expects ARPT's parent, ARPPL, to be willing to extend need-based support to ARPT, given the high strategic importance of the latter to ARP.

Outlook: Not Applicable

Detailed description of the key rating drivers:

Key strengths

Strong and resourceful parentage by virtue of being a subsidiary of ARP

ARPT is a wholly owned subsidiary of ARPPL. ARPPL is currently backed by NIIF (51%), BII (formerly CDC Group Plc) (32%), and GGEF (17%). NIIF is anchored by the Government of India (GoI) in collaboration with leading global and domestic institutional investors and is India's first sovereign investment fund. The full ownership of the BII belongs to the Secretary of State for International Development, which is controlled by the UK Government. EverSource Capital, a joint venture between Everstone Capital and Lightsource BP, is the fund manager of GGEF, a USD 700 million target private fund, which has NIIF and the UK Government as anchor investors. The other investors in GGEF include Global Climate Fund, British Petroleum etc.

Going forward, with ONGPL proposing to hold 100% equity stake in ARPPL, the financial flexibility of the group is expected to improve further, given the strong credit profile of ONGPL's shareholders. CARE Ratings will resolve the rating watch upon gaining further clarity on the impact on ARPT's credit profile post completion of the shareholding transfer. The same would be determined based on the stated posture of the new shareholders towards ARPPL along with the platform's leverage philosophy.

ARPPL's stated posture towards ARPT is strong as exhibited by the presence of a limited period sponsor undertaking to resize the debt based on generation during the first 30 months and to fund any shortfall in debt servicing till at least 12 months of generation.

Successful commissioning of the entire capacity prior to the SCOD without any cost overrun

ARPT has successfully commissioned the entire 300 MW_{AC} (432 MW_{DC}) of solar capacity at Bikaner, Rajasthan prior to the SCOD i.e. March 01, 2025, without any cost overrun. The entire capacity is commissioned in a phased manner between June 2024 to February 2025. Prior to commissioning of the entire capacity, the units generated were sold via bilateral arrangement untill the receipt of compliance certificate from SECI, post which, the units were sold to SECI at 75% of the fixed tariff i.e., 1.78/kWh.

Long-term revenue visibility on account of PPA with SECI

ARPT has entered into a long-term (25-year) PPA with SECI at a fixed tariff of Rs. 2.38 per unit for the entire duration of the project, i.e. till FY50, which provides revenue visibility. The presence of a strong intermediate counterparty like SECI is expected to lead to timely realisation of payments under the PPA. Moreover, the payment security mechanism in central counterparty PPAs is relatively superior to the state policy PPAs because of the letter of credit mechanism and the benefits available to SECI under the tripartite agreement (TPA) with the Government of India (GoI), the Reserve Bank of India (RBI), and the state government. Furthermore, CARE Ratings derives comfort from the presence of enabling clauses in the PPA, viz. compensation in case of grid unavailability, transmission constraints and termination payments in case of SECI event of default.

Key weaknesses

Leveraged capital structure along with exposure to interest rate and refinancing risks

The capital structure of the company is leveraged as the project has been funded in the debt-to-equity mix of 75:25. In CARE Ratings base case assessment, the Total Debt/EBITDA is expected to remain high above 7.0x and overall gearing is expected to remain rangebound between 3.6x and 4.0x over the course of FY25 and FY26. However, the debt coverage indicators are expected to be moderately comfortable as reflected by average DSCR being upwards of 1.2x for the tenor of the term debt. Given the leveraged capital structure, single-part nature of the fixed tariff in the PPA and floating interest rates, the profitability remains exposed to any increase in the interest rates.

The company is also exposed to refinancing risk as ~25% of the debt is due in June 2042. However, the same is mitigated as the coverage indicators are expected to remain healthy as reflected by PLCR remaining above 1.3x at the beginning of FY43 (refinancing point) which would aid in alleviating the refinancing related risks.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one part in nature, the company may report lesser revenues in the event of 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.

Liquidity: Adequate

As of January, 2025, the company had free cash and bank balance of ~Rs. 21 crore. As stipulated by the management, DSRA creation is currently in process in accordance with the sanctioned terms.

Going forward, the internal accruals are expected to be adequate to service the debt obligations. As per CARE Ratings' base case, adjusted GCA for FY26 and FY27 are expected to be ~Rs. 52 crore and ~Rs. 55 crore respectively as against annual repayments of around Rs. 45 crore and Rs. 33 crore respectively.

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
Short Term Instruments

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power Generation

ARPT, incorporated on October 14, 2019, is a wholly owned subsidiary of ARPPL. ARPT has successfully set up a 300 MW_{AC} (432 MW_{DC}) solar power project in a phased manner in Bikaner, Rajasthan. The company has signed a PPA with SECI for a period of 25 years beginning July, 2024 at a fixed tariff of Rs. 2.38/kWh.

Financial Performance: Not Applicable, as the project was under construction

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer 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-Cash Credit		-	-	-	26.00	CARE A (RWP)
Fund-based - LT-Working Capital Limits		-	-	-	22.00	CARE A (RWP)
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	37.00	CARE A / CARE A1 (RWP)
Term Loan-LT/ST		-	-	30/06/2042	1175.00	CARE A / CARE A1 (RWP)

Annexure-2: Rating history for the 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Term Loan-LT/ST	LT/ST*	1175.00	CARE A / CARE A1 (RWP)	-	1)CARE A-; Stable (01-Feb-24)	-	-
2	Fund-based - LT-Cash Credit	LT	26.00	CARE A (RWP)	-	1)CARE A-; Stable (01-Feb-24)	-	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST*	37.00	CARE A / CARE A1 (RWP)	-	1)CARE A-; Stable / CARE A2+ (01-Feb-24)	-	-
4	Fund-based - LT-Working Capital Limits	LT	22.00	CARE A (RWP)	-	1)CARE A-; Stable (01-Feb-24)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

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Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Term Loan-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

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.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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