Gorbea Solar Private Limited

March 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,235.00	CARE A-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Gorbea Solar Private Limited (GSPL), which is developing a 300-MWAC (435 MWp) solar power plant in Jodhpur, Rajasthan, factors in the strong parentage of Zelestra Corporacion S.A.U. (Zelestra), where ~92% of the shareholding is held by vehicles of EQT Infrastructure V Fund, which is backed by Sweden-based EQT AB Group. The rating derives strength from the experienced promoter group having a track record of successfully commissioning and operating solar power projects in multiple geographies.

Zelestra, the flagship company of the group, is a preeminent developer in the renewable energy sector with ~3.8 GW of renewable capacities in operational and under-construction stages across multiple countries. Zelestra's stated posture towards GSPL is strong as reflected by the presence of limited period sponsor undertaking from Zelestra for the rated debt facilities. The rating factors strong revenue visibility due to the presence of a long-term (25 years) power purchase agreement (PPA) with Solar Energy Corporation of India (SECI) for the entire capacity at a fixed tariff of ₹2.65 per unit. Per the PPA, the company is eligible to obtain compensation for safeguard duty incurred for the project capped at a maximum of ₹0.29 per unit, which is expected to be received within 24 months of commissioning, June 2027. Per CARE Ratings Limited's (CARE Ratings') base case, debt coverage indicators are expected to remain comfortable as reflected by average debt service coverage ratio (DSCR) being upwards of 1.25x for the debt tenor. CARE Ratings notes that the entire debt exposure is hedged against adverse movements in exchange and interest rate providing mitigation from volatilities in the term debt repayments over the debt tenor.

However, the rating is constrained by leveraged capital structure as the project is funded through a debt equity mix of 4:1. The same is likely to result in total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) of over 6.5x in the initial few years per CARE Ratings' base case. CARE Ratings notes the exposure to execution risks as the project is in an under-implementation stage, however, the same is mitigated to a major extent as, the project is almost nearing completion as on February 28, 2025. The project is expected to be commissioned by its scheduled commercial operations date (SCOD) of June 30, 2025. CARE Ratings also considers vulnerability of project cash flows to adverse variations in weather conditions, given that the PPA tariff is single part and fixed for the full tenure of the PPA.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Stabilisation of operations as reflected by actual plant load factor (PLF) remaining in line with designed energy estimates resulting in sustenance of debt coverage indicators and improvement in liquidity with DSCR of over 1.3x on a sustained basis.
- Faster-than-expected deleveraging of asset.

Negative factors

- Any material time or cost overrun leading to significant delay in commissioning of the project and increase in debt level adversely impacting project's returns
- Significant underperformance in generation on a sustained basis and/or higher-than-expected 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 ultimate parent, Zelestra, or any change in linkages/support philosophy between the parent and GSPL.

Analytical approach: Standalone plus factoring in parent linkages.

The analytical approach factors in parent linkages of Zelestra Corporacion S.A.U., backed by EQT AB group, which holds ~92% stake in the Zelestra group.

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

Outlook: Stable

The stable outlook on the CARE A- rating of GSPL reflects CARE Ratings' opinion that the company would be able to commission the full capacity per the envisaged timelines. GSPL would benefit from its long-term PPA with SECI and CARE Ratings expects the generation and collection performance to remain satisfactory.

Detailed description of key rating drivers:

Key strengths

GSPL benefits on account of being a part of Zelestra, which is backed by reputed investors

GSPL is a part of the Zelestra Group (erstwhile known as Solarpack Group). Zelestra is a preeminent developer in the renewable energy sector. Under EQT, Zelestra Group has significantly expanded its operations. The group currently oversees ~3.8 GW of renewable energy projects in operation contracted and under construction. In India, Zelestra Group is targeting over 5 GW of new projects while currently having an operational capacity of solar projects of 150 MWp and 435 MWp capacity under-construction. Zelestra is backed by EQT AB group, a private equity fund house managed by the Sweden-based Wallenberg family and has largely been present in the European and the US markets. EQT currently holds ~92% in the Zelestra Group and intends to accelerate Zelestra Group's growth journey by helping it expand to new geographies.

CARE Ratings observes, Zelestra Group's stated posture towards GSPL is strong, as exhibited by the presence of limited period sponsor undertaking from Zelestra, which is capped at a total of 20% of the project costs in addition to specific amounts for Tranche B of bank facilities.

Long-term revenue visibility considering long-term PPA

GSPL has signed a PPA with SECI to purchase the entire capacity (300 MWAC) of the plant for 25 years at a fixed tariff of ₹2.65 per unit (including additional safeguard duty of ₹0.29/kwh expected to be received within 24 months of commissioning, June 2027), which provides strong revenue visibility for the company. The strong credit profile of the counterparty is expected to lead to timely realisation of payments under the PPA. The PPA is characterised by the presence of adequate payment security in the form of letter of credit from SECI, that can be dipped, in the event of delay in payment by the off-taker.

Comfortable debt coverage metrics

The company is expected to achieve full commission of its 300 MWAC plant by June 30, 2025. Going forward, CARE Ratings expects the generation to remain in line with the P90 estimates. GSPL's debt coverage metrics are expected to remain comfortable as reflected by average DSCR being upwards of 1.25x for the debt tenor. Per the terms of the Facility Agreement, the company must establish a debt service reserve account (DSRA) equivalent to one quarter's debt service within three months of the commercial operation date (COD) and equivalent to two quarters' debt service within one year post-COD.

Key weaknesses

Leveraged capital structure
The capital structure of the company is expected to be leveraged as the project is funded through a debt equity mix of 4:1. In CARE Ratings base case assessment, TD/EBITDA is expected to remain above 6.5x for the initial few years. CARE Ratings notes that the entire debt facilities are fully hedged against the foreign currency exposure and floating interest rate exposure throughout the tenor of facilities, providing mitigation against any volatilities.

Vulnerability of cash flows to variation in weather conditions
Project cash flows are exposed to adverse variations in weather conditions, given the project's single part tariff. 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 would affect its cash flows and debt servicing ability. The geographical concentration of asset amplifies the generation risk.

Liquidity: Adequate

As on January 31, 2025, the company had free cash balance of ~₹135 crore. The pending cost stood at ~₹450 crore, which would be comfortably funded by ₹317 crore of debt pending to be drawn and ₹135 crore of cash balances held as on date.

Per the terms of the Facility Agreement, the company must establish a DSRA equivalent to one quarter's debt service within three months of the COD and equivalent to six months' debt service within one year post-COD.

Going forward, generation levels are expected to remain in line with designed energy estimates and the collection cycle of the company is expected to remain comfortable. The internal accruals are anticipated to be adequate to service its debt obligations.

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
Project stage companies
Infrastructure Sector Ratings
Solar Power Projects

About the company and industry

Industry classification

Macroeconomic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power generation

Incorporated on August 18, 2020, GSPL is a special purpose vehicle (SPV) promoted by Zelestra. The company is developing a 300 MWAC (435 MWp) solar power plant in Rajasthan, and is a fully owned subsidiary of Zelestra Corporacion S.A.U. It has entered long-term PPAs of 25 years with SECI at a tariff of ~₹2.65 per unit. The Scheduled Commercial Operation Date (SCOD) is June 30, 2025.

Brief financials: Not applicable, as the company was a project stage entity ended March 31, 2024, and had no operational cashflows.

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		-	-	August 2029	1235.00	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 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	Fund-based - LT-Term loan	LT	1235.00	CARE A-; Stable				

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: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Jatin Arya Director **CARE Ratings Limited** Phone: 91-120-4452021 E-mail: Jatin.Arya@careedge.in Saurabh Singhal Assistant Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: Saurabh.singhal@careedge.in Vivek Jindal Analyst **CARE Ratings Limited** E-mail: Vivek.jindal@careedge.in

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.

For detailed Rationale Report and subscription information, please visit www.careedge.in