Purvah Green Power Private Limited

April 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	150.00	CARE A; Stable / CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Purvah Green Power Private Limited (PGPPL) which is the green energy arm of CESC Limited (CESC; rated CARE AA; Negative / CARE A1+) derive strength from PGPPL's strong parentage by virtue of it being a subsidiary of CESC, which has vast experience of operating in the power sector in India. CESC has presence in power distribution and power generation segment with it operating as a distribution licensee in (Kolkata, Greater Noida and Chandigarh) regions and operating thermal plants of more than 2 GW capacities. PGPPL shall be the holding company for renewable energy projects of CESC and shall also act as the EPC entity for the under-construction projects. CESC owns 88% stake in directly whereas the remaining 12% is held by Crescent Power Limited (CPL. Rated CARE A-; Stable), which is a subsidiary of CESC Limited. PGPPL enjoys operational, financial, and managerial support from its promoter group and is actively engaged in company's strategy formulation, including investment plans.

PGPPL has plans for implementing 2GW of renewable capacity, out of which, 1.2 GW_{AC} is expected to be developed in the near medium term. The existing pipeline of projects include 300 MW_{AC} solar power project, 600 MW solar wind hybrid projects and 396 MW wind power projects. The capex requirement for these projects is envisaged to be funded through debt of 75-80% of project cost. CARE Ratings notes that CESC group has already infused ~Rs 1120 crore in PGPPL as on March 07, 2025. The rating is further strengthened by presence of Letter of Award (LoA) or long-term power purchase agreements (PPA) for 600MW capacity with CESC Limited and 300MW with Noida Power Company Limited imparting revenue visibility. The ratings are supported by strong credit profiles of the offtakers. Ratings also consider the financial closure for one 300 MW_{AC} solar plant in Nokh, Rajasthan at competitive rate of interest.

The aforementioned rating strengths are however tempered by expectation of a leveraged capital structure for PGPPL as it would be funded through debt of 75%-80% of project cost. The rating also factors in execution risks associated with under construction projects with there being limited physical progress at present. The first 300 MW_{AC} solar power project is expected to be commissioned by FY26. The company's ability to commission the underlying projects without major cost and/or time overrun and demonstrate satisfactory operational performance in line with designed energy estimates post COD shall be key monitorable. The revenue of SPVs is susceptible to adverse variation in weather conditions and interest rate risk given the single part tariff for the projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful commissioning of the underlying capacity along with its operating performance remaining above the designed energy estimates on a sustained basis.
- Faster than expected deleveraging of the capital structure.

Negative factors

- Any major time and/or cost overruns in in project execution resulting in higher-than-expected leverage levels.
- Adverse changes in the company's philosophy on leverage levels (non-project debt) or delay in capital infusion by the shareholders.
- Significant deterioration in the credit profile of CESC Limited or dilution in the operational and financial linkage of CESC with PGPPL.

Analytical approach: Consolidated with parent notch-up.

CARE Ratings has consolidated the business and financial risk profiles of PGPPL and its subsidiaries because of presence of strong operational and financial linkages. CARE Ratings has also notched up the rating factoring operational, financial and managerial support extended by the promoter i.e. CESC. The list of entities getting consolidated is as per Annexure-6.

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

Outlook: Stable

The stable outlook on the long-term rating of PGPPL reflects CARE Ratings' opinion that the company will be able to scale up its operating portfolio by commissioning the underlying projects within the scheduled timelines and without any material cost overrun. Further, the outlook is supported by the presence of long term PPAs for the entire operational portfolio

Detailed description of key rating drivers:

Key strengths

Part of an established group with extensive experience in power distribution and generation; deriving strong operational, managerial and financial support: 88% stake in PGPPL is held by CESC Limited and remaining 12% is held by Crescent Power Limited. CESC is vertically integrated power utility with several decades of experience. PGPPL enjoys operational, financial, and managerial support from its promoter group. The promoter group has a highly qualified and experienced employee pool having large experience in their related field. PGPPL also has adequate board representation from the promoter.

PGPPL is expected to derive comfort from its strong parentage and linkages with CESC Limited. CESC Limited is also expected to support PGPPL through equity infusion as evident from fund infusion of Rs 1120 crore as on March 07, 2025. Letter of Comfort from CESC for the term loan availed by a subsidiary of PGPPL indicates the strategic importance of business being carried out in PGPPL to CESC.

Revenue visibility from long-term PPAs for majority of the capacity expected to be commissioned by FY28: The existing pipeline of projects include 300 MW solar power project, 600 MW solar wind hybrid projects and 396MW wind power projects. The company via SPVs has signed long term PPAs for 25 years based on competitive bidding with CESC for 300 MWAC solar power project at Rs 2.69 per unit and NPCL for 300 MW (Solar- 150MW_{AC} and Wind – 300MW) solar wind hybrid capacity at tariff of Rs 3.84 per unit. LoA has been received for another 300 MW (Solar- 150MW_{AC} and Wind – 300MW) solar wind hybrid capacity at Rs 3.81 per unit for which PPA with CESC is expected to be signed shortly. The PPA has compensation clauses for backing down or termination due to off-taker event of default, which is a positive. PPA for 396MW wind projects is yet to be signed.

Advancement in financial closure: HRP has successfully achieved the financial closure for entire debt requirement. The total project cost is to be funded through debt of 75-80% of project cost. The company has a sanctioned debt of ₹1184 crore at competitive interest rate and financial closure for other projects are at different level of discussion with the lenders.

Low counter party credit risk : LOA/PPA for 600MW with CESC (300MWAC solar and 300MW solar wind hybrid) and PPA for 300MW solar wind hybrid with NPCL mitigates counter party credit risk to a large extent as both the counter parties have strong credit profile. The payment from CESC and NPCL are expected to be timely once the projects are operational.

Geographical and technological diversification mitigating asset concentration risk to some extent: The group is expected to have presence across India, in Madhya Pradesh in Rajasthan and other states including AP, Gujarat thereby making the portfolio geographically diversified. The project is also technologically diversified with a mix of solar (300MWAC), wind (396MW) and hybrid capacity (600MW), thereby, mitigating the risks associated with single asset concentration.

Key Weaknesses

Execution risk for large capacity in pipeline: The projects under PGPPL remain exposed to project execution risks as the entire capacity is in construction phase. The company's ability to commission the projects as per the applicable timelines and within the budgeted project cost remains critical. Timely achievement of financial closure for the under-construction capacity and availability of long-tenure debt at cost competitive rate also remains important.

Risks due to interest rate fluctuation, climate, and technology: Special purpose vehicles (SPVs) under PGPPL are exposed to interest rate fluctuations as bank facility availed is at floating rate and have resets of periodic interest rates.

As tariffs are one part in nature, the group may book lesser revenues in the event of non-generation of power due to variations in weather conditions and/or equipment quality. This, in turn, will affect its cashflows and debt servicing ability**.**

Leveraged capital structure of the company: PGPPL's capital structure will be leveraged considering the renewable energy projects will be funded with debt ratio of 75-80% of project cost. This results in moderate debt coverage metrics with average Debt Servicing Coverage Ratio for the portfolio expected to be above 1.25x as per CARE Ratings' base case.

Liquidity: Adequate

The company has cash and cash equivalents of Rs 45 crore as on March 07, 2025. The company has no debt repayment obligations till FY26 as on date. Currently, PGPPL's liquidity is further expected to be supported by CESC Limited through equity infusion for the under-construction projects and intercompany loans. Financial closure for 300 MWAC solar power project being setup under HRP has been achieved.

Applicable criteria

Consolidation & Combined Approach
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Notching by Factoring Linkages in Ratings
Project Stage Entities
Solar Power Projects
Wind Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

Incorporated on December 21, 2023, with the objective of CESC Limited to venture in renewable power generation business, PGPPL is a subsidiary of CESC Limited. It is currently held by CESC Limited (87.74%) and Crescent Power Limited (12.26%). It is the holding company and shall act as EPC contractor for projects being set up under SPVs.
Currently, PGGPL has an under-construction capacity of 1.2GW in pipeline wherein it has successfully tied up 900 MW capacity with CESC Limited and Noida Power Company Limited.

Brief Financials: Not applicable as the entire capacity is under construction.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	150.00	CARE A; Stable / CARE A2+

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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	150.00	CARE A; Stable / CARE A2+				

LT: Long term; ST: Short term; LT/ST: Long term/Short 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	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Bhadla Three SKP Green Ventures Pvt Ltd	Full	Subsidiary
2	Purvah Hybrid Power Private Limited	Full	Subsidiary
3	Purvah Renewable Power Private Ltd	Full	Subsidiary
4	ANP Renewables Private Limited	Full	Subsidiary
5	SHN Green Power Private Limited	Full	Subsidiary
6	MFA Renewables Private Limited	Full	Subsidiary
7	HRP Green Power Private Limited	Full	Subsidiary
8	Vitalgreen Power Private Limited	Full	Subsidiary
9	Ecovantage Energy Private Limited	Full	Subsidiary
10	Ecofusion Power Private Limited	Full	Subsidiary
11	Brightfuture Power Private Limited	Full	Step-down Subsidiary
12	Greenpulse Power Private Limited	Full	Subsidiary
13	Redgaint Renewable Energy Power Pvt Ltd	Full	Subsidiary
14	DRP Renewable Private Limited	Full	Subsidiary
15	SKG Renewable Private Limited	Full	Subsidiary
16	LKP Renewable Private Limited	Full	Subsidiary
17	KUS Renewable Private Limited	Full	Subsidiary
18	Citylights Renewable Private Limited	Full	Subsidiary
19	JSK Renewable Private Limited	Full	Subsidiary
20	Mazzi Power Projects Private Limited	Full	Subsidiary
21	Deshraj solar Energy Private Limited	Full	Subsidiary
22	Bhojraj Renewables Energy Private Limited	Full	Subsidiary

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.

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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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