

## Sunsorce Energy Private Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	445.00	CARE A; Stable / CARE A2+	Downgraded from CARE A+; Stable / CARE A1

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

To arrive at the ratings of Sunsource Energy Private Limited (SSEPL), CARE Ratings Limited (CARE Ratings) has considered the consolidated financial statements of the company. Further, CARE Ratings has applied its parent notch-up approach to factor in the extent of support available to SSEPL from its holding company i.e., SHV Energy N.V. (SHVE).

The rating action on the bank facilities of SSEPL factors in the moderation in the debt coverage metrics of the company on account of higher than envisaged operating expenses leading to negative gross cash accruals (GCAs) in FY24 and 9M FY25. Further, the infusion of equity capital from the sponsor envisaged for FY 25 has been deferred to FY 26, resulting in leverage levels being higher than expectations. Additionally, generation performance of its operational portfolio has remained below P90 levels, in FY24 and 9M FY25, on account of stabilisation related issues and lower irradiance levels. A combination of these factors has adversely impacted the company's cash flows and its coverage and leverage metrics.

However, the ratings continue to take into account the strong parentage by virtue of SSEPL being the wholly owned subsidiary of SHVE. SHVE has provided funding support to SSEPL as reflected by infusion of equity of ~Rs. 120 crore and ~Rs. 90 crore in FY23 and FY24 respectively. In FY25 the company has utilised proceeds from project financing and revolving credit facilities, for funding its capex requirements. Going forward, SSEPL is expected to receive ~Rs. 150 crore in FY26 and has secured equity commitments from SHVE till the group achieves cumulative capacity of 1 GW, which as articulated by management would happen by FY27/FY28. CARE Ratings further notes that from a board representation perspective, SHVE is having maximum representation with 7 nominated representatives out of 9 seats in the board of the company. SHVE has extended unconditional and irrevocable corporate guarantee (CG) to SSEPL's working capital facilities of Rs. 705 crore. The ratings also factors in the increase in operational capacity from to ~256 MW (from ~135 MW in FY24 end) providing strong revenue visibility, supported by long-term power purchase agreements (PPAs) with commercial and industrial (C&I) customers for the full operational capacity. CARE Ratings also takes into account the healthy counterparty credit risk profile of the operating portfolio, which contributes to a satisfactory collection cycle for the company. Additionally, the rating is reinforced by the presence of lock-in tenures and termination penalties in the underlying projects, providing further financial stability.

Nevertheless, the ratings remain constrained on account of the modest operational track record of the portfolio, and risks associated with the execution and offtake for the various under-implementation/planned projects. CARE Ratings also considers the vulnerability of company's cash flows to fluctuations in weather conditions due to single part tariff structure for the projects. Additionally, the company's leveraged capital structure, as reflected by overall gearing of 5.1x as on FY24 end, stemming from debt-funded capital expenditure for setting up the projects which is customary to the renewable sector adds further risk. Going forward, CARE Ratings expects the overall gearing to be rangebound between 11.1x-11.4x over the next few years primarily on account of increase in debt levels to set up assets in pipeline. The company is also exposed to any adverse movements in interest rates.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Generation performance of the overall portfolio in line with designed energy P-90 levels on a sustained basis
- Significant reduction in leverage or improvement in debt protection metrics for the portfolio

#### Negative factors

- Underperformance in generation of the overall portfolio thereby resulting in weakening of debt protection metrics
- Any major time and cost overruns in execution of under-implementation projects

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

- Deterioration in counterparty credit risk profile or overall receivables cycle/attaining tie-ups for incremental projects
- Weakening of the credit profile of the parent, SHVE, or any change in linkages/support philosophy between the parent and SSEPL.

**Analytical approach:** Consolidated. CARE Ratings also factors in strong parentage by virtue of SSEPL being the wholly owned subsidiary of SHVE. The list of subsidiaries getting consolidated under SSEPL as on March 31, 2024 is attached as Annexure 6.

#### **Outlook:** Stable

The stable outlook on CARE A ratings of SSEPL reflects CARE Ratings' opinion that the company will be able to scale up its operating portfolio by commissioning the underlying projects within scheduled timelines. Further, the outlook is underpinned by the presence of long term PPAs for the underlying capacities.

#### **Detailed description of the key rating drivers:**

##### **Key strengths**

###### **Strong management and financial support from the parent**

SHVE, a Netherlands-based entity primarily operating in the off-grid energy sector, views India as a high-growth market, with SSEPL's operations considered strategically important due to this being its first major acquisition in the renewable energy industry. SHVE has provided funding support to SSEPL as reflected by infusion of equity of ~Rs. 120 crore and ~Rs. 90 crore in FY23 and FY24 respectively. In FY25 the company has utilised proceeds from project financing and revolving credit facilities, for funding its capex requirements. Going forward, SSEPL is expected to receive ~Rs. 150 crore in FY26 with secured equity commitments from SHVE until the group reaches a cumulative capacity of 1 GW, which is expected to be achieved by FY27/FY28.

CARE Ratings further notes that from a board representation perspective, SHVE is having maximum representation with 7 nominated representatives out of 9 seats in the board of the company. SHVE has extended unconditional and irrevocable corporate guarantee (CG) to the working capital facilities of SSEPL amounting Rs. 705 crore.

Considering the strong management and financial linkages, SSEPL is expected to remain strategically important to the parent and will receive need-based support in case of any cash flow requirement. Any adverse change in the extent of support, or strategic importance of SSEPL to the parent will be a key rating sensitivity.

###### **Revenue visibility on account of long-term PPA for entire capacity**

The operational portfolio has low offtake risks owing to the presence of a long-term (25-year) PPA with various commercial and industrial (C&I) clients across multiple industries. The average tariff for the portfolio is around Rs. 3.70 per unit thereby indicating moderate cost competitiveness. The long-term PPAs provide revenue visibility for the company.

###### **Healthy collection cycle for operational portfolio on account of healthy counterparty credit risk profile**

The counterparty credit risk profile of the overall portfolio is healthy on account of presence of strong commercial & industrial (C&I) offtakers. The healthy collection cycle results in less amount of funds being blocked as debtors for the company and therefore ensuring satisfactory liquidity.

##### **Key weaknesses**

###### **Limited track record of operations**

The operational portfolio of ~256 MW has a limited track record having an average track record of ~2 years. The generation profile of the entity has been lower than the designed estimates as reflected by weighted average PLF of 15.2% during FY24 and 14.3% during 9M FY25 as against P90 PLF of 16.5% on combined basis. The generation performance has remained subdued as a major chunk of the operational capacity is still under-stabilization stage.

###### **Execution and offtake risk for under-implementation projects**

The group has approximately ~750 MW of capacity under construction, primarily consisting of open access projects. Given the significant capital outlay involved, the group is exposed to execution risks associated with the implementation of these projects. Additionally, financial closure for this under-construction capacity has yet to be achieved.

However, CARE Ratings anticipates that the group's strong expertise and proven track record in developing solar projects will support successful project execution. The company's ability to complete these projects without regulatory hurdles, major delays, or cost overruns, along with securing offtake agreements for the entire capacity, will be crucial from a credit perspective.

#### **Vulnerability of cash flows to variation in weather conditions**

As tariffs are one part in nature, the company may book 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.

#### **Leveraged capital structure along with exposure to interest rate risk**

The capital structure is leveraged on account of the debt-funded capex incurred for setting up the projects under SPVs, which is customary to the renewable sector as reflected by overall gearing of 5.1x as on FY24 end. CARE Ratings expect overall gearing to be rangebound between 11.1x-11.4x over the next few years primarily on account of increase in debt levels to set up assets in pipeline. Given the leveraged capital structure, single-part nature of the fixed tariff in the PPA and floating interest rates, its profitability remains exposed to any increase in interest rates.

#### **Liquidity: Adequate**

As on February 28, 2025, the company had unencumbered cash balance of ~Rs. 201 crore on a consolidated basis, which includes Rs. 23 crore of encumbered cash margins. The utilisation of company's overall working capital limits has remained at ~85% during 11M FY25 period. The company's unutilised working capital limits stand at Rs. 154 crore as on February 2025 end. Going forward, CARE Ratings expects SHV Energy NV to infuse adequate funds to support SSEPL in case of any cash flow mismatch.

#### **Applicable criteria**

[Consolidation](#)

[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](#)

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[Short Term Instruments](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

Incorporated in 2010, SSEPL is engaged in development of various kinds of solar projects, including rooftop, ground mount, solar plus storage projects, and floating solar projects through its various subsidiaries. The company also provides Engineering, Procurement, and Construction (EPC) services for solar projects developed by the group. SSEPL has an operational portfolio of 256 MW and under development portfolio of ~750 MW as on February 2025 end.

Brief Financials (₹ crore) - Consolidated	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (P)
Total operating income	47.3	73.2	85.9
PBILDT	-41.1	-48.9	17.1
PAT	-102.8	-164.2	-92.5
Overall gearing (times)	2.1	5.1	11.4
Interest coverage (times)	NM	NM	0.3

A: Audited, P: Provisional, NM: Not Meaningful, Note: 'the above results are latest financial results available'

**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/Non-fund-based-LT/ST		-	-	-	445.00	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 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/Non-fund-based-LT/ST	LT/ST	445.00	CARE A; Stable / CARE A2+	1)CARE A+; Stable / CARE A1 (03-Apr-24)	1)CARE A+; Stable / CARE A1 (06-Apr-23)	1)CARE A+; Stable / CARE A1 (04-Apr-22)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

#### Annexure-3: Detailed explanation of covenants of rated instruments/facilities - NA

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	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	Alpur Solar Private Limited	Full	Subsidiary
2	Ijyarays Energy Private Limited	Full	Subsidiary
3	Inarays Energy Private Limited	Full	Subsidiary
4	Isharayas Energy Private Limited	Full	Subsidiary
5	SunSource Cleantech Venture (Thailand) Co. Ltd	Full	Subsidiary
6	Jyotikiran Bijeypur Energy Private Limited	Full	Subsidiary
7	Jyotikiran Chnadeli Energy Private Limited	Full	Subsidiary
8	Jyotikiran Energy Bhilwara Private Limited	Full	Subsidiary
9	Jyotikiran Energy Chennai Private Limited	Full	Subsidiary
10	Jyotikiran Energy Lucknow Private Limited	Full	Subsidiary
11	Jyotikiran Energy Mumbai Private Limited	Full	Subsidiary
12	Jyotikiran Energy Okhla Private Limited	Full	Subsidiary
13	Jyotikiran Energy Private Limited	Full	Subsidiary
14	Jyotikiran Maindawali Energy Private Limited	Full	Subsidiary
15	Lone Cypress Ventures Private Limited	Proportionate	Subsidiary
16	S3 Energy Private Limited	Full	Subsidiary
17	SunSource Cleantech Ventures Pte Ltd	Full	Subsidiary
18	Sunsource Energy America Inc	Full	Subsidiary
19	SuryaUrja Burnswik Private Limited	Full	Subsidiary
20	Suryaurja Four Private Limited	Full	Subsidiary
21	Suryaurja One Private Limited	Full	Subsidiary
22	Suryaurja Two Private Limited	Proportionate	Subsidiary
23	Taiyung Energy Private Limited	Full	Subsidiary
24	Taiyung Solar Energy Private Limited	Full	Subsidiary
25	Taiyung SolarProjects Private Limited	Full	Subsidiary
26	Utryan Agra Private Limited	Full	Subsidiary
27	Utryan Energy Brunswick Private Limited	Full	Subsidiary
28	Utryan Energy Puri Private Limited	Full	Subsidiary
29	Utryan Energy Private Limited	Full	Subsidiary
30	Vasuprada Energy Private Limited	Full	Subsidiary
31	Verdantearth Ventures Private Limited	Full	Subsidiary
32	VVS Solar Projects Private Limited	Proportionate	Subsidiary
33	IshaRays Energy One Private Limited	Full	Subsidiary
34	IshaRays Energy Two Private Limited	Full	Subsidiary
35	IshaRays Energy Three Private Limited	Full	Subsidiary
36	IshaRays Energy Four 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](mailto:care@careedge.in) for clarifications.

## Contact us

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