

Rising Sun Energy (K) Private Limited

May 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	914.00	CARE BBB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Rising Sun Energy (K) Private Limited (RSEKPL), which is operating a 190 MWAC solar power project in Nokh Solar Park, Rajasthan factors in the revenue visibility due to presence of long-term, 25- year power purchase agreement (PPA) at a fixed tariff of ₹2.25/kWh with NTPC (rated CARE AAA; Stable). The counterparty credit risk profile is strong with NTPC being the sole off-taker for the entire capacity. The rating also considers RSEKPL's parentage by being a part of Yinson Group which has an operational portfolio of 330 MWAC solar power projects in India. CARE Ratings Limited (CARE Ratings) also notes the promoter group has demonstrated higher-than-envisaged support to the project as a major portion of the cost overrun has been funded by shareholder's contribution resulting in a debt equity mix of 60:40 against 75:25 which is typical for similar projects.

However, the rating is constrained by a limited operational track record of around one year. The generation has been lower at 27.76% in FY25 compared to P90 PLF estimates of 29.40%. The company's ability to demonstrate generation aligned with P90 PLF estimates shall be a key rating monitorable. The rating is also constrained by the cost overrun in the project, which is attributable to higher module prices, imposition of BCD, increase in applicable GST rates and delay in availability of transmission infrastructure. As a result, the company's coverage metrics are expected to remain moderate over the next few years as reflected by annual debt service coverage ratio (DSCR) remaining below 1.1x per CARE Ratings' base case. CARE Ratings in its analysis has factored in the increase in applicable tariff to ₹3.285 per unit which has been approved by the regulator as a change in law event. This increase in tariff corresponds to the increase caused by imposition of GST and BCD.

The company's capital structure remains leveraged as reflected by projected total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) of above 7x as on FY25-end which is expected to remain above 7x in the next two years. The project is exposed to interest rate fluctuation risks since the interest rates on the proposed facility are floating. CARE Ratings also factors in exposure of project cash flows to adverse variations in weather conditions considering the single part tariff for the project. CARE Ratings also notes the debt service reserve account (DSRA) of one quarter which is required per the sanctioned terms is yet to be created. However, lender has given an extension for creation of DSRA till October 02, 2025.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Actual generation being aligned with P-90 levels on a sustained basis resulting improvement in annual DSCR above 1.1x and average DSCR above 1.2x
- Improvement in the company's liquidity profile post creation of DSRA.
- Faster than expected deleveraging of the asset.

Negative factors

- Significant underperformance in generation or increase in debt level or interest rates, adversely impacting coverage metrics.
- Delay in creation of DSRA beyond the timeline permitted by the lender.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings' opinion that the company will be able to demonstrate satisfactory operational performance aligned with P90 PLF estimates and payments from the off-taker shall be timely with past trends. The outlook is supported by the presence of long term PPA for the entire capacity.

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

Detailed description of key rating drivers:

Key strengths

Part of reputed promoter group

Through tiers of holding structure, Yinson Holdings Berhad (YHB) ultimately holds 80% shares in RSEKPL. Malaysia-based YHB has extensive experience with established position as a floating, production, storage and offloading (FPSO) leasing contractor in the world. The group has a portfolio of 330 MWAC of operational solar power projects in India as on April 30, 2025. The group has ambitious plans to foray in renewable segment in the long term with India being a key geography. Going forward, CARE Ratings expects RSEKPL to have access to adequate managerial support from the promoter.

The promoter group has supported the project in the past by funding majority cost overrun. The promoter has signed undertaking for extending support in case DSCR is below 1.05x or shortfall in creation of DSRA for one quarter of debt servicing. CARE Ratings expects need-based support from promoter group aligned with past trends.

Long-term revenue visibility considering presence of PPA for entire capacity with off-taker having strong credit risk profile

RSEKPL has signed a long-term PPA with NTPC for 25 years at a tariff of ₹2.25/kwh which provides long-term revenue visibility. NTPC is an intermediary counterparty and energy generated from this project is sold to Chhattisgarh State Power Distribution Company Limited. The presence of a strong intermediate counterparty mitigates counter party credit risk to a large extent. The payment from NTPC for generation bills has been timely in recent past.

Change in Law event leading to revision of tariff

The project cost had increased from ₹923 crore to ₹1525 crore due to increase in the cost of modules in the market due to geo-political, economic and covid related issues, imposition of BCD on modules and increase in GST rate from 5% to 12% on modules and from 8.9% to 13.8% on EPC contract, delay in availability of evacuation infrastructure.

Per CERC order dated May 19, 2024, the 2021 GST Notification and 2022 BCD Notifications, the increase in project cost due to imposition of BCD and change in GST rates is considered as change in law event.

The company has received compensation order for ₹348 crore, of which ~₹11 crore has been received through one-time lump-sum payment from NTPC while the remaining amount will be received through incremental tariff of 88.5 paise per unit over the PPA tenor. Per APTEL order, dated January 30, 2025, the company is also eligible for carrying cost at ₹0.15 per unit. A final order in this regard is awaited.

RSEKPL is currently billing the company at the revised tariff of ₹3.285/unit (base tariff of ₹2.25 per unit + compensation for change in law of ₹0.885 per unit + carrying cost of ₹0.15 per unit) and is also receiving timely payments from the off-taker.

Modules from reputed suppliers, backed by warranty for defects mitigates module performance related risks

The company is using monocrystalline double glass modules procured from ZNshine solar. The modules supplied have a 12-year product warranty and performance warranty for 30 years. The warranty provided by reputed equipment supplier gives comfort on the future performance.

Key weaknesses

Limited operational track record, since the project recently achieved commissioning

The scheduled COD for the project was October 21, 2022, which was an extension from the initial SCOD of April 01, 2022, due to a delay in the tariff adoption by NTPC. The project was ready for commissioning on October 20, 2022. However, the evacuation infrastructure for the project was provided by Rajasthan Solar Park Development Company Limited (RSDCL) only on October 20, 2023.

Of the total capacity of 190 MW, 164 MW was commissioned on November 03, 2023. The remaining units were commissioned on April 03, 2024, to comply with a new regulation introduced on November 01, 2022, which mandated developers commissioning their projects after this date and connected to the Central Transmission Utility (CTU) must install additional reactive power compensation equipment.

The project was fully commissioned on April 03, 2024, and thereafter it has a limited operational track record of ~1 year. Being in the stabilisation stage, the asset performed moderately as evident from an average PLF of 27.76% in FY2025 compared to

P90 estimates of 29.40%. Going forward, CARE Ratings expects the generation performance to remain aligned with P-90 estimates. However, the company's ability to operate at the designed energy estimates will be a key credit monitorable.

Leveraged capital structure and exposure to interest rate risks

RSEKPL's capital structure is leveraged considering the debt-funded capex incurred for setting up the project and cost overrun witnessed by the project, as reflected by projected TD/EBITDA of above 7x as on FY25-end which is expected to remain above 7x over the next two years. This is primarily due to an increase in costs amounting to ₹602 crore, while the compensation received has only been ₹348 crore plus carrying cost. While the cumulative DSCR over tenor of the loan is satisfactory at 1.2x, the DSCR in the next 3-4 years remain below 1.1x. Given the leveraged capital structure, single-part fixed tariff in PPA and floating interest rates, the profitability remains exposed to fluctuation in interest rates.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one part, the company may book lesser revenues in case 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

The liquidity of the company is adequate as reflected by the cash and bank balances of ~₹6.67 crore as on March 27, 2025. Going forward, CARE Ratings expects the project's generation to remain aligned with P-90 estimates and timely collection from the off-taker, NTPC. DSRA for one quarter of debt servicing is expected to be created through support from group companies by October 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Solar Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

RSEKPL, Rising Sun Energy (K) Private Limited has setup a 190 MW AC solar power project in Nokh Solar Park, Rajasthan. The project was awarded through competitive bidding. The PPA for entire capacity has been signed with NTPC at ₹2.25 per unit for 25 years from COD. The project achieved COD for 164 MW on November 03, 2023, and remaining 26 MW on April 03, 2024.

Brief Financials (₹ crore)*	March 31, 2024 (A)
Total operating income	25.3
PBILDT	19.0
PAT	-78.5
Overall gearing (times)	-4.7
Interest coverage (times)	0.3

A: Audited; Note: these are latest available financial results *Per CARE Methodology

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
Term Loan-Long Term	-	-	-	31-03-2045	914.00	CARE BBB+; 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 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	Term Loan-Long Term	LT	914.00	CARE BBB+; 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	Term Loan-Long Term	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 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:

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