SAEL Industries Limited

June 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	500.00	CARE BBB+; Positive / CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of SAEL Industries Limited (SIL), which is the holding company of the renewable energy portfolio of the SAEL Group, factors in long track record of the promoter in setting and operating renewable energy projects. The rating positively factors in presence of marquee investors, viz Norfund (Sovereign wealth fund of Government of Norway) and U.S. Development Finance Corporation (DFC), who have cumulatively infused ~145 million USD in the platform.

The company has a sizeable renewable energy portfolio of ~5.8 GW comprising ~0.6 GW operational and ~5.2 GW capacities under development (as on FY25 end). Around 75% of the operational capacity is solar with the rest in the waste-to-energy (WTE) segment. The operating portfolio has a satisfactory weighted average track record of ~3.6 years albeit the generational performance has remained marginally lower than designed energy estimates. The entire under-construction portfolio is solar, with ~2.0 GW in advanced stages and expected to be commissioned by July 2025, and an additional ~0.5 GW by March 2026, which is envisaged to take the overall operational portfolio to 3.1 GW at FY26 end. The remaining 2.7 GW capacity, wherein PPAs are yet to be signed, is targeted for commissioning in FY27 and beyond, depending upon the timing of PPA signing. The company also has a 3.6 GW solar module manufacturing capacity which has enabled the company to generate margins which have been utilised to fund the underlying equity requirements. The rating is further supported by long-term revenue visibility on account of presence of Power Purchase Agreements (PPAs) for ~3.1 GW. While most of the current operational capacity is contracted with state counterparties, the offtaker profile is expected to strengthen once the full 3.1 GW capacity becomes operational, as ~72% of the total capacity will have strong offtakers comprising central counterparties and GUVNL. CARE Ratings also notes that the collection cycle of the operational portfolio is satisfactory with receivable days remaining ~70 days.

The aforementioned rating strengths are however tempered by inherent execution risks, as a significant portion of the portfolio is still under development. Per CARE Ratings' base case, SIL is expected to incur capital expenditure of ~Rs. 21,200 crore to commission its full under-construction capacity. This capex is expected to be funded through a mix of project level debt, cash accruals from existing projects and envisaged contributions from promoters/investors. While funding is in place for the committed capacity, additional capital will be required for the pipeline capacity, making the company's ability to raise funds - via an IPO or new investors - a key credit monitorable. With the portfolio funded through a mix of debt and equity, SIL's capital structure is expected to remain leveraged, with Total Debt/1-year Forward EBITDA above 8x in the near term. Given the leveraged capital structure, in case of hardening of yields, the cash flows and coverage indicators can be adversely impacted. Furthermore, CARE Ratings notes that ~78% of the operational debt as of FY25 end is in a Restricted Group structure, which has issued 7.8% USD denominated senior notes maturing in FY32, thereby, exposing the company to refinancing risk. Moreover, the cash flows of the company remain exposed to adverse variation in weather conditions which is customary for renewable energy 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 overall portfolio

Negative Factors

- Inability of the company to achieve an operating capacity of ~3.0 GW by FY26 end or incurrence of any significant Performance Bank Guarantee (PBG) encashments by the respective offtakers for any delayed commissioning
- Any material cost overrun in underlying projects resulting in actual leverage position being worse than CARE Ratings base case estimate

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

Analytical Approach: Consolidated

CARE Ratings has considered consolidated financials of SIL while assessing its credit profile.
List of entities getting consolidated in SIL are mentioned in Annexure-6.

Outlook: Positive

CARE Ratings has assigned a positive outlook on the credit profile of SIL. The company is expected to reach a commissioned capacity of 2.6 GW by July 2025 end with majority of these under implementation projects at an advanced stage of construction. Moreover, as articulated by the management, the company is at an advanced stage of securing equity commitments for its future growth. In CARE Ratings' opinion, the materialisation of these two factors could result in an improvement in the credit profile of the company.

Detailed Description of Key Rating Drivers

Key Rating Strengths:

Experienced management and long-standing track record of the Promoter Group in handling business operations across diverse sectors

The Group is promoted by the Awla family, with Mr. Jasbir Singh Awla and Mr. Sukhbir Singh Awla bringing extensive experience in managing business operations across diverse sectors including rice milling, warehousing, and power generation. As part of a business reorganisation, the promoters streamlined operations by transferring the agro and warehousing businesses to a separate entity, positioning SIL as the holding company for the renewable energy portfolio.

By the end of FY25, the promoter group had infused ~Rs. 630 crore in the business and is set to invest an additional ~Rs. 170 crore in the upcoming quarter to support ongoing project execution. Moreover, CARE Ratings expects the promoter support to be forthcoming should there be a need.

Presence of marquee investors

The Sovereign wealth fund of Norway, Norfund, and the Development Finance Institution of U.S., DFC, have jointly infused ~145 million USD (~Rs. 1,200 crore) in the platform. CARE Ratings notes that two of SIL's nine Board members represent Norfund. In addition, Norfund and DFC have each appointed one observer to SIL's board. Their involvement, along with stringent project oversight, offers credit comfort and strengthens the platform's credibility.

Diversified renewable energy portfolio

The entire portfolio of the Group is a mix of solar and waste-to-energy (WTE) capacity. On a fully constructed basis, the mix between solar and WTE capacity, would stand at 97% and 3% respectively, however, even with miniscule capacity, WTE's contribution to the EBITDA of the total portfolio of 5.8 GW, would be more than 30%. Furthermore, the portfolio is well diversified and is spread across more than 7 states in the country, thereby reducing geographical concentration risk.

Satisfactory track record of operations albeit subdued generational performance

The portfolio has a satisfactory weighted average track record of ~3.6 years albeit the generational performance has remained marginally lower than designed energy estimates. Going forward, CARE Ratings expects the generation performance of the underlying portfolio to improve and achieve designed energy estimates.

Integrated renewable energy operations with sizeable module manufacturing

The company has an integrated RE portfolio with 3.6 GW of module manufacturing capacity, which is built to meet the in-house project requirements. In FY25, the group has supplied ~800 MW of solar modules for its underlying capacity and realised ~Rs. 750 crore cash margins which was ultimately utilised to fund the equity requirements for the under-construction projects. Going forward, CARE Ratings expects the group to realise similar level of margins from its module manufacturing business.

Low offtake risks on account of presence of PPAs

SIL has a total committed capacity of ~3.1 GW. The entire committed solar capacity of ~3.0 GW has long-term PPAs at fixed weighted average tariff of Rs. 2.84 per unit for the tenor of 25 years. Similarly, the WTE capacity of ~0.1 GW has long-term PPAs at weighted average tariff of Rs. 7.75 per unit, part of which is subject to change upon periodic review by respective regulatory commissions.

Key Rating Weaknesses:

Execution risks on account of impending execution of ~5.2 GW capacity

The company is exposed to execution related challenges as a major portion of its overall portfolio is still under construction. It plans to commission ~2.0 GW by July 2025 and an additional ~0.5 GW by March 2026, increasing total operational capacity to 3.1 GW by FY26 end. According to management, these projects are in advanced stages, with progress validated by reputed consulting firms. While progress on the remaining pipeline capacity is limited, the company aims to meet the committed CODs. The ability of the company to commission its under-construction capacity without any material time or cost overrun would remain a key credit monitorable.

Funding risk for the pipeline capacity

Per CARE Ratings' base case, SIL is expected to incur capital expenditure of ~Rs. 21,200 crore to commission its full under-construction capacity. This capex is expected to be funded through a mix of project level debt, cash accruals from existing projects and envisaged contributions from promoters/investors. While funding is in place for the committed capacity, additional capital will be required for the pipeline capacity. The ability of the company to raise funds - via an IPO or new investors would remain another key credit monitorable.

Leveraged capital structure along with fluctuation in interest rates

The capital structure of the company is expected to be leveraged on account of debt funded capex for its under construction capacity and the same is reflected by a Total Debt/1-year Forward EBITDA multiple of above 8x over the near term. Additionally, the majority of debt on floating interest rates, the company is exposed to interest rate fluctuation risk. Nevertheless, the coverage indicators of the project remain satisfactory, with average Debt Service Coverage Ratio (DSCR) being upwards of 1.2x through FY35.

Refinancing risk for the debt under restricted group structure

CARE Ratings notes that ~78% of the operational debt as of FY25 end is in a Restricted Group structure, which has issued 7.8% USD denominated senior notes maturing in FY32. These partially amortizing notes have a medium-term tenor of 7 years. Over the course, ~46% of the total amount will be amortized, leaving ~54% of the principal to be refinanced at maturity. Consequently, the company is exposed to refinancing risk in FY32. As articulated by the management, in order to mitigate currency risk, it has fully hedged the foreign exchange exposure for the entire tenor.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one part in nature for majority of the capacity, 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 weaken its debt servicing ability.

Liquidity: Adequate

The overall liquidity position of the company is adequate as reflected by free cash and bank balance of ~Rs. 178 crore as on March 31, 2025 on consolidated level. Apart from this, the company has restricted cash and bank balance of ~Rs. 713 crore towards maintenance of DSRA and margin money for fund based and non-fund-based limits.

Going forward, per CARE Ratings' base case scenario, GCA is expected to be rangebound within Rs. 340 crore and Rs. 687 crore as against annual repayments of Rs. 247 crore and Rs. 502 crore over the course of FY26-FY27

Applicable criteria

[Consolidation](#)
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Project stage companies
Infrastructure Sector Ratings
Solar Power Projects
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

SAEL Industries Limited (SIL), incorporated on April 25, 2022 is the flagship company of SAEL Group. SAEL Group is promoted by the Awla family and is primarily engaged in the business of operating renewable energy projects and solar module manufacturing business. As on March 2025 end, SIL has a portfolio of ~5.8 GWp out of which ~0.6 GWp is operational remaining ~5.2 GWp is under various stages of implementation. Apart from this, SIL also has 3.6 GW of solar module manufacturing facility which is developed to meet in-house demand for solar modules of the group.

Brief Financials: SAEL Industries Limited (Consolidated)

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total Operating Income	389	555	455
PBILDT	127	169	179
PAT	-85	-268	-385
Overall Gearing (times)	0.9	1.0	2.7
Interest Coverage (times)	1.3	1.1	1.2

A: Audited UA: Unaudited; Note: these are latest available financial results

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
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	500.00	CARE BBB+; Positive / 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-BG/LC	LT/ST	500.00	CARE BBB+; Positive / CARE A2				

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-BG/LC	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	SAEL Limited	Full	Subsidiary
2	SAEL Solar MHP1 Private Limited	Full	Subsidiary
3	SAEL Solar MHP2 Private Limited	Full	Subsidiary
4	SAEL Solar P4 Private Limited	Full	Subsidiary
5	SAEL Solar P5 Private Limited	Full	Subsidiary
6	SAEL Solar P6 Private Limited	Full	Subsidiary
7	SAEL Solar P7 Private Limited	Full	Subsidiary
8	SAEL Solar P8 Private Limited	Full	Subsidiary
9	SAEL Solar P9 Private Limited	Full	Subsidiary
10	SAEL Solar P10 Private Limited	Full	Subsidiary
11	Canal Solar Energy Private Limited	Full	Step-down subsidiary
12	Chattargarh Renewable Energy Private Limited	Full	Step-down subsidiary
13	Sunfree Energy RJP1 Private Limited	Full	Step-down subsidiary
14	Jasrasar Green Power Energy Private Limited	Full	Step-down subsidiary
15	KTA Power Private Limited	Full	Step-down subsidiary
16	Laxjeet Renewable Energy Private Limited	Full	Step-down subsidiary
17	Native Power Private Limited	Full	Step-down subsidiary
18	SAEL Agri Commodities Limited	Full	Step-down subsidiary
19	SAEL Engineering Private Limited	Full	Step-down subsidiary
20	SAEL EV Infra Private Limited	Full	Step-down subsidiary
21	SAEL International Limited	Full	Step-down subsidiary
22	SAEL Kaithal Renewable Energy Private Limited	Full	Step-down subsidiary
23	SAEL Power Private Limited	Full	Step-down subsidiary
24	SAEL RE Power Private Limited	Full	Step-down subsidiary
25	SAEL Solar India Private Limited	Full	Step-down subsidiary
26	SAEL Solar Mfg. Private Limited	Full	Step-down subsidiary
27	SAEL Solar Solution Private Limited	Full	Step-down subsidiary
28	Sardarshahar Agri Energy Private Limited	Full	Step-down subsidiary
29	Sukhbir Singh and Company	Full	Step-down subsidiary
30	Sunfree Energy Private Limited	Full	Step-down subsidiary
31	Sunfree North East Renewable Energy Private Limited	Full	Step-down subsidiary
32	Sunfree Paschim Renewable Energy Private Limited	Full	Step-down subsidiary
33	TNA Renewable Energy Private Limited	Full	Step-down subsidiary
34	Universal Biomass Energy Private Limited	Full	Step-down subsidiary
35	Urjanidhi Solar Private Limited	Full	Step-down subsidiary
36	VCA Power Private Limited	Full	Step-down 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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