

INOX CLEAN ENERGY LIMITED

June 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	190.00	CARE A-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to long-term bank facilities of Inox Clean Energy Limited (ICEL) factors in the strong group linkages by virtue of ICEL being a part of the INOXGFL Group. INOXGFL Group has an established presence in the wind segment and speciality chemicals through its flagship companies Inox Wind Limited (IWL, rated CARE A+; Stable / CARE A1+) and Gujarat Fluorochemicals Limited (GFL), respectively. ICEL is the group's third major vertical and is engaged in the business of developing and operating renewable energy (RE) projects as well as manufacturing solar cells and modules through its majority owned subsidiary Inox Neo Energies Private Limited (INEPL, rated CARE A-; Stable) and wholly owned subsidiary Inox Solar Limited (ISL), respectively. Currently, at ICEL consolidated level, there is operational capacity of 157 MW (107 MW wind & 50 MW solar) and under construction capacity of 400 MW (350 MW hybrid and 50 MW solar) and pipeline capacity of over 2.2 GW. This apart, Under ISL, the group is setting up 4.8 GW solar cell and 7.2 GW solar module manufacturing capacities which are expected to become operationalised in a phased manner over the next two years.

The rating is further supported by long-term revenue visibility on account of presence of long-term power purchase agreements (PPAs) up to 25 years at fixed tariffs with reputed counterparties viz, GFL and SECI for majority of the currently operational and under-construction RE assets. Moreover, CARE Ratings Limited (CareEdge Ratings) positively factors in the company's strong financial flexibility as reflected by equity raise of ~₹700 crore. This includes ~₹90 crore raised at the ICEL level and ~₹600 crore at the INEPL level through minority stake dilution to private investors.

The rating strengths are However tempered by inherent execution risks as a sizeable portion of the portfolio is still under development. Per CareEdge Ratings' base case, ICEL is expected to incur capital expenditure of ~₹ 6,500 crore to commission the given under-construction RE and manufacturing capacities. This capex is expected to be funded through a mix of project level debt, cash accruals generated from underlying projects, and envisaged equity contributions from investors and promoters. While required funding is in place for the under-construction RE capacity, additional equity capital would be required for setting up the underlying manufacturing capacities. The company's ability to raise funds either through an initial public offer (IPO) or through private investments would remain a key credit monitorable. Further, ICEL's capital structure is expected to remain leveraged considering portfolio being funded through a mix of debt and equity. Per CareEdge Ratings' base case, total debt (including debt for under-construction capacity) to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) is expected to remain above 7.0x in the near term. Given the leveraged capital structure, in case of hardening yields, cash flows and coverage indicators could be adversely impacted. Moreover, the company's cash flows 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 and its operating performance remaining above the designed energy estimates on a sustained basis.
- Faster than expected deleveraging of the overall portfolio.

Negative factors

- Any material cost overrun in underlying projects resulting in actual leverage position being higher than CareEdge Ratings' base case estimate or the company's inability to mobilise the required equity capital.
- Adverse changes in the company's philosophy on leverage levels (non-project debt) or delay in capital infusion by the shareholders.

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

- Significant deterioration in the credit profile of INOXGFL group or dilution in the operational and financial linkage of ICEL with INOXGFL group.

Analytical approach: Consolidation plus factoring in support from the INOXGFL group

CareEdge Ratings has considered the consolidated financials of ICEL. The list of subsidiaries getting consolidated at ICEL as on March 31, 2025, is attached as Annexure-6. Moreover, CareEdge Ratings has applied its group notch-up framework to factor in the strong strategic and financial support from INOXGFL group towards ICEL.

Outlook: Stable

The stable outlook on the long-term rating of ICEL reflects CareEdge 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 renewable portfolio.

Detailed description of key rating drivers:

Key strengths

Strong group linkages by virtue of INEPL being a part of INOXGFL group

ICEL is a part of INOXGFL group. The group has an established presence in speciality chemicals through its flagship company GFL and its presence in the renewable energy segment through ICEL, INEPL and ISL. The group is promoted by Mr. Vivek Jain and Mr. Devansh Jain's family who holds a significant stake in ICEL and other group companies of INOXGFL group, either directly or through its investment holding company Inox Leasing and Finance Limited (ILFL), and two partnership firms including Devansh Trademart LLP and Aryavardhan Trading LLP.

CareEdge Ratings takes cognisance of the fact that INOXGFL group has been at the forefront in providing support to its group companies in the past such as IWL which has resulted in the company's revival. INOXGFL group has infused over ₹2,000 crore in IWL over the last two-three years apart from raising funds through an IPO of Inox Green Energy Services Limited (IGSEL). This provides comfort from credit perspective regarding the group's stated posture towards its business arms.

Strong financial flexibility exhibited by successful equity raise at ICEL and INEPL level

CareEdge Ratings positively factors in the company's strong financial flexibility as reflected by equity raise of ~₹700 crore. This includes ~₹90 crore raised at the ICEL level and ~₹600 crore at the INEPL level through minority stake dilution to private investors.

Revenue visibility on account of presence of long-term PPAs

The company has long-term revenue visibility as all the operational and under-construction capacities under ICEL have long-term power purchase agreements (PPAs) up to 25 years at fixed tariffs. Further, the off-taker profile remains strong with majority of the operating and under-construction capacity tied up with GFL. Going forward, the off-taker profile is expected to remain strong as the company has pipeline projects of over 2.2 GW wherein majority of the capacities are expected to be tied up with central counterparties.

Integrated renewable energy operations with sizeable solar cell and module manufacturing facility under implementation

ICEL is setting up 4.8 GW solar cell and 7.2 GW solar module manufacturing facilities under its wholly owned subsidiary ISL which is expected to be commissioned in a phased manner over FY26 and FY27. Majority of the output from these capacities is expected to be utilised in-house by Inox group entities for their impending solar projects which provides revenue visibility for the company. Inox Group has under construction solar capacity of ~200 MW at present and the group further plans to reach 2400 MW capacity by FY26 end. A significant portion of this addition is expected to be from solar power plants thereby providing off-take visibility for ICEL's solar module capacity. The company also has the avenue to sell solar modules to other developers in India or export them to international markets.

Key weaknesses

Execution risks on account of sizeable under-construction capacity

As of June 2025, the group has a total capacity of 557 MW (operational; 157 MW & under construction; 400 MW) which has PPAs tied up consisting of wind, solar and wind-solar hybrid capacity. The group intends to commission 2.4 GW RE capacity by FY26 end through organic as well as inorganic means. This apart, the company is setting up 4.8 GW solar cell and 7.2 GW solar module manufacturing facilities which is expected to be operationalised in a phased manner over FY26 and FY27. The same is under nascent stages and thus exposed to execution related challenges. Given the large proportion of overall portfolio is under implementation, the company's ability to commission these capacities within the envisaged timelines without any material time/cost overrun would remain a key credit monitorable.

Leveraged capital structure along with exposure to adverse variation in interest rates

The company's capital structure is expected to remain leveraged on account of debt-funded capex incurred for setting up the underlying capacity. The same is reflected by the projected TD/PBILDT of ~7.3x as on FY27 end which shall be the first full year of operations for the envisaged manufacturing and RE capacity. Additionally, majority of the debt are on floating interest rates, thereby exposing the company to interest rate fluctuation risk.

Funding risk for the underlying solar cell and module manufacturing capacity

Per CareEdge Ratings' base case, ICEL is expected to incur capital expenditure of ~₹ 6,500 crore to commission the given under-construction capacity. This capex is expected to be funded through a mix of project level debt, cash accruals generated from underlying projects, and envisaged equity contributions from investors and promoters. While funding is in place for the under-construction RE capacity, additional equity capital would be required for the underlying manufacturing capacities. The company's ability to raise funds through initial public offer (IPO) or private investments would remain key credit monitorable.

Vulnerability of cash flows to variation in weather conditions

Since tariffs from the projects 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 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 ~₹341 crore as on April 30, 2025, on consolidated level. Apart from this, the company has restricted cash and bank balance of ~₹6 crore towards maintenance of DSRA.

Going forward, Per CareEdge Ratings' base case scenario, gross cash accrual (GCA) is expected to be rangebound between ₹48 crore and ₹284 crore against annual repayments of ₹29 crore and ₹183 crore over the course of FY26-FY27.

Applicable criteria

[Definition of Default](#)

[Consolidation](#)

[Factoring Linkages Parent Sub JV Group](#)

[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](#)

[Wind Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

ICEL was incorporated on November 20, 2017, is a part of the INOXGFL Group functioning as the holding company for the group's solar equipment manufacturing and independent power producer (IPP) businesses, while also independently operating a 50 MW wind power plant in Kutch, Gujarat. Currently, ICEL has two key subsidiaries: Inox Solar Limited (ISL), which is focused on setting up 4.8 and 7.2 GW manufacturing facilities for solar PV cells and modules, respectively, and Inox Neo Energies Private Limited (INEPL), which is engaged in the development of renewable energy assets.

Brief Financials (₹ crore) – ICEL Consolidated	FY25 (UA)
Total operating income	82
PBILDT	70
PAT	27
Overall gearing (times)	0.6
Interest coverage (times)	2.6

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
Term Loan-Long Term	-	-	-	31-03-2040	190.00	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 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	190.00	CARE A-; Stable				

LT: Long 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	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here
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Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Inox Solar Limited	Full	Subsidiary
2	Inox Neo Energies Private Limited	Full	Subsidiary
3	IGREL Mahidad Limited	Full	Step-down subsidiary
4	Flurry Wind Energy Private Limited	Full	Step-down subsidiary
5	Flutter Wind Energy Private Limited	Full	Step-down subsidiary

Note on complexity levels of rated instruments: CareEdge 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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