

ReNew Surya Aayan Private Limited

June 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1,035.00	CARE A- (RWP)	Placed on Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has placed the bank facilities of ReNew Surya Aayan Private Limited (RSAPL) on rating watch with positive implications. The rating watch is on account of Renew Group signing a share purchase agreement with IndiGrid Infrastructure Trust, an InvIT backed by Kohlberg Kravis Roberts (KKR) for acquisition of 100% equity stake in RSAPL and Koppal-Narendra Transmission Limited (a group company of ReNew Private Limited; RPL; rated CARE A+; Stable/ CARE A1+) at an enterprise value not exceeding ₹ 2,175 crore. CARE Ratings notes that the transaction is subject to necessary approvals from lenders and regulators. The enterprise value of RSAPL is valued at ₹ 1,382 crore, excluding adjustments related to working capital as outlined in the definitive documents. CARE Ratings expects the development to have a positive impact on the credit profile of RSAPL, given the change in shareholding to a stronger promoter. However, the extent of impact on the credit profile of RSAPL will be assessed upon materialisation of the aforementioned transaction, post understanding the support philosophy of the new sponsor. CARE Ratings will continue to monitor the developments related to the acquisition and assess the impact on the credit risk profile of RSAPL.

RSAPL is operating a 300 MW (AC)/ 410 MW (DC) solar power project in the state of Rajasthan factors in the strong parentage by virtue of it being a wholly owned subsidiary of ReNew Solar Power Private Limited (RSPPL, rated CARE A+; Stable/ CARE A1+), which in turn is a 100% subsidiary of RPL. The project has been operational since March 2024. The rating continues to factor the presence of long-term (25 years) Power Purchase Agreement (PPA) with Solar Energy Corporation of India (SECI) at a fixed tariff of Rs. 2.37/unit. The debt coverage indicators are expected to be moderately comfortable as reflected by an average Debt Service Coverage Ratio (DSCR) being around 1.2x (assuming refinancing of the existing debt, leaving a tail period of ~3 years). The project is maintaining Debt Service Reserve Account (DSRA) of ~Rs. 32 crore, which is equivalent to one quarter of debt servicing obligations.

However, the rating is constrained on account of limited operational track record of operations (~2 months) with the project being in the initial stages of stabilisation. Furthermore, rating is constrained due to the leveraged capital structure as the project is funded in a debt equity mix of 73:27, which is likely to result in a Total Debt/EBITDA remaining above 7.0x over the next two years, as per CARE Ratings base case. Consequently, the company remains exposed to variations in the interest rates as the debt is linked to floating rates. CARE Ratings also takes into account vulnerability of project cash flows to adverse variation in weather conditions. CARE Ratings notes that the project is exposed to refinancing risk, given that ~87% of the principal debt is due in Dec 2028, however, the risk gets mitigated as the project has adequate financial flexibility given the PPA is valid till March 2049. This alongside, the group has demonstrated strong ability to refinance similar debt exposures in the past.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Stabilisation of operations as reflected by actual PLF being in line with the P-90 levels on a sustained basis
- Faster than expected deleveraging of the asset

Negative factors

- Significant underperformance in generation and/or any increase in the debt levels weakening the cumulative DSCR on project debt to less than 1.15x on a sustained basis
- Weakening of the credit profile of the parent, or any change in linkages/support philosophy of RSPPL towards RSAPL

Analytical approach: Standalone plus factoring in parent support of RSPPL (rated CARE A+; Stable/ CARE A1+). RSPPL is an intermediate holding company and a 100% subsidiary of RPL.

Outlook: Not Applicable

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

Detailed description of the key rating drivers:

Key strengths

Strong parentage and operating track record of ReNew Group in renewable energy segment

RSAPL is a 100% owned subsidiary of RSPPL which in turn is held by RPL. RPL is one of the largest companies involved in the business of renewable energy development in India. ReNew group has a total capacity of ~13.5 GW as of March 31, 2024, vis-à-vis ~13.7 GW as of March 31, 2023. Out of the total ~13.5 GW capacity, ~9.5 GW is operational and ~4.0 GW is under development. Further, the company has signed an additional ~2.2 GW of PPAs by May 31, 2024, taking the portfolio to ~15.6 GW. The portfolio is well diversified and spread across multiple geographies and contracted to multiple counterparties.

Further, the stated posture of RPL towards RSAPL is strong as reflected by presence of an irrevocable promoter support undertaking which shall be valid till fulfilment of certain conditions as stipulated by the lender. CARE Ratings notes that in any case, the support cannot be released before March 2026 i.e., two years from the Commercial Operations Date (COD).

Going forward, with IndiGrid Infrastructure Trust proposing to hold 100% equity stake in RSAPL, the entity's financial flexibility is expected to improve further, given the change in shareholding to a stronger promoter. CARE Ratings will resolve the rating watch upon gaining further clarity on the impact on RSAPL's credit profile post completion of the shareholding transfer. The same would be determined based on the stated posture of the new shareholders towards RSAPL along with the platform's leverage philosophy.

Long-term revenue visibility on account of PPA with SECI

RSAPL has entered into a long-term (25-year) PPA with SECI at a fixed tariff of Rs. 2.37 per unit, providing revenue visibility to the company. The presence of a strong intermediate counterparty like SECI is expected to lead to timely realisation of payments under the PPA.

Further, CARE Ratings notes that the PPA tariff may witness an upward revision on account of change in GST rates on the solar modules which is expected to trigger a PPA clause with respect to 'Change in Law' and therefore, may lead to an uptick in the tariff by Rs. 0.13 per unit.

Moderately comfortable debt coverage metrics

The project is financed to a short-term loan which has a bullet repayment (~87% of the principal debt) due in Dec 2028. CARE Ratings expects this loan to be refinanced with a long tenured loan and as per its base case estimate, the average DSCR of the project is expected to be around 1.2x (post leaving a tail life of ~3 years).

Key weaknesses

Limited operational track record, since the project recently achieved commissioning

Out of the total 300MW (AC) capacity, 290MW (AC) capacity achieved commissioning in March 2024 and the remaining 10MW (AC) capacity achieved commissioning in May 2024, therefore, the plant has a limited operational track record. Going forward, CARE Ratings expects the generation performance to remain in line with P-90 estimates. However, the ability of the company to operate at the designed energy estimates will be a key credit monitorable.

Leveraged capital structure along with exposure to refinancing and interest rate risks

The rating is constrained due to leveraged capital structure as the project is funded in a debt equity mix of 73:27. The same is likely to result in Total Debt/EBITDA remaining above 7.0x over the next two years as per CARE Ratings base case scenario. Moreover, CARE Ratings notes that the project is exposed to refinancing risk, given that ~87% of the principal debt is due in Dec 2028, however, the risk gets mitigated as the project has adequate financial flexibility given the PPA is valid till March 2049. This alongside, the group has demonstrated strong ability to refinance similar debt exposures in the past.

Further, given the single-part nature of the fixed tariff in the PPA and floating interest rates, the profitability remains exposed to any increase in the interest rates.

Vulnerability of cash flows to variations in weather conditions

As tariffs are one part in nature, the companies may report 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 the cash flows and debt servicing ability.

Liquidity: Adequate

The liquidity of the company is adequate as reflected by cash and bank balance of ~Rs. 106 crore as on June 30, 2024. This includes DSRA amount of ~Rs. 32 crore (equivalent to 1 quarter of debt obligations).

As per CARE Ratings' base case, Adjusted GCA for FY25 and FY26 is expected to be around Rs. 53 crore, as against annual repayments of ~Rs. 7 crore and ~Rs. 36 crore respectively.

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](#)

[Factoring Linkages Parent Sub JV Group](#)

[Solar Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

RSAPL, incorporated on June 22, 2020, is a special purpose vehicle (SPV) promoted by RSPPL (rated CARE A+; Stable/ CARE A1+). RSPPL is an intermediate holding company and a 100% subsidiary of RPL. RSAPL has set up a 300MW (AC)/ 410MW (DC) solar power plant, in the state of Rajasthan. It has entered into a long-term PPA for 25 years with SECI, at a fixed tariff of Rs. 2.37 per unit.

Financial Performance: NA, as the entire project achieved commissioning in May 2024 and for FY25, the provisional financial statements are yet to be submitted

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 - LT-Term Loan		-	-	31-12-2028	1035.00	CARE A- (RWP)

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	Fund-based - LT-Term Loan	LT	1035.00	CARE A- (RWP)	-	1)CARE A-; Stable (02-Aug-24)	-	-

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	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the 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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