

Koppal-Narendra Transmission Limited

June 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	505.95	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 (CareEdge Ratings) has placed the long-term rating on bank facilities of Koppal-Narendra Transmission Limited (KNTL) on rating watch with positive implications. The rating watch is considering Renew Group signing a share purchase agreement with IndiGrid Infrastructure Trust, an InvIT backed by KKR for acquisition of 100% equity stake in KNTL and Renew Surya Aayan Private Limited (a group company of ReNew Private Limited [RPL]; rated 'CARE A+; Stable/ CARE A1+') at an enterprise value not exceeding ₹2,175 crore. CareEdge Ratings notes that the transaction is subject to necessary approvals from lenders and regulators. The enterprise value of KNTL is valued at ₹726 crore, excluding adjustments related to working capital as outlined in the definitive documents. CareEdge Ratings expects the development to have a positive impact on KNTL's credit profile, given the change in shareholding to a stronger promoter. However, the extent of impact on KNTL's credit profile will be assessed upon materialisation of the aforementioned transaction, post understanding the support philosophy of the new sponsor. CareEdge Ratings will continue to monitor the developments related to the acquisition and assess the impact on KNTL's credit risk profile.

KNTL has established 2,500 MVA pooling substation (PSS) in Koppal district, Karnataka, and its connection with grid substation (GSS) in Narendra (New) region in Karnataka through ~137 circuit kilometre (ckm) long 400 kV D/C transmission line, with the installation of 1,000 MVA transformer capacity at Koppal PSS in February 2024.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could lead to positive rating action/upgrade:

- Established track record with line availability above normative level (98%) and collection period remaining below 60 days on a sustained basis.
- Faster-than-expected deleveraging of the project.

Negative factors- Factors that could lead to negative rating action/downgrade:

- Line availability below normative level (98%) leading to under-recovery of stipulated transmission charges on a sustained basis.
- Any weakening of the credit profile of the parent, Renew Private Limited, or change in linkages/support philosophy between the parent and KNTL would be a negative factor.

Analytical approach: Standalone plus factoring in parent support.

CareEdge Ratings expects KNTL's ultimate parent, RPL to be willing to extend financial support to KNTL, should there be a need, given the high strategic importance that KNTL has for RPL.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Strong parentage and operating track record of Renew group in renewable energy segment

RPL is the flagship company and a subsidiary of Renew Energy Group, which is listed on NASDAQ. The group has experience of over a decade in developing and operating renewable energy projects and is one of the leading renewable energy developers in India having a cumulative capacity of ~15.6 GW as of June 2024 end. In the past, the group has secured investments from multiple private equity, financial institutions, and pension funds among others, signifying its healthy financial flexibility. The group has ongoing plans to enter in related business verticals, module manufacturing, transmission, and green hydrogen among others.

Despite the group not possessing an extensive track record of developing Inter-State Transmission System (ISTS) projects, CareEdge Ratings notes that the group has experience of constructing transmission infrastructure (pertaining to connecting

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

projects to the nearest substation) for 4+ GW of organically developed renewable energy assets. As articulated by the company's management, the group has constructed multiple lines having length of ~50-70 ckm.

Strong business linkages with the promoter group and presence of limited period CG from RPL

KNTL has strong business linkages with the promoter group and is strategically important for the group as this transmission project would aid in evacuating power from RPL's peak power and RTC renewable projects in the Gadag region. The rating derives comfort from the explicit support philosophy of RPL towards KNTL, which is reflected by the presence of a limited period CG. CareEdge Ratings expects the CG to remain valid only till Q1-FY26, as the company has fulfilled the stipulated terms. Once the CG falls, the project would continue to have linkages with the Renew Group, as RPL has extended a Sponsor Shortfall Undertaking that shall remain valid till the debt tenor.

Successful commissioning of both phases of the project and healthy line availability since commissioning

KNTL has successfully completed both phases of the project, which included the establishment of a 2,500 MVA pooling substation (PSS) in Koppal district, Karnataka, and its connection with grid substation (GSS) in Narendra (New) region in Karnataka through ~137 circuit kilometre (ckm) long 400 kV D/C transmission line, with the installation of 1,000 MVA transformer capacity at Koppal PSS in February 2024. The transmission line has exhibited healthy line availability upwards of 98% per normative parameters, ensuring full recovery of the stipulated transmission charges. CareEdge Ratings notes that the company has been receiving payments on a timely basis from the off-takers, and continuance of the same will remain a key credit monitorable.

Strong revenue visibility for the entire tenor of the TSA

KNTL has entered long-term transmission service agreement (TSA) of 35 years from COD with Renew Surya Ojas Private Limited (RSOPL, rated 'CARE A-; Stable / CARE A2+') and Renew Solar Power Private Limited (RSPPL, rated 'CARE A+; Stable / CARE A1+'). Per the terms of TSA, KNTL is eligible for receiving fixed monthly transmission charge irrespective of the actual utilisation of the line by its customers for power transmission provided that the contracted transmission system availability is maintained. The transmission charges were decided through competitive bidding and are fixed for the entire tenor of the agreement providing strong revenue visibility for KNTL. Moreover, the transmission charges have already been approved by Central Electricity Regulatory Commission (CERC), mitigating adverse regulatory risk for KNTL to an extent.

Low counterparty credit risk with CTUIL acting as the central collection agent

The company being part of the ISTS, will enjoy assured off-take of power and stable cash inflows in the form of annuity-based fixed monthly charges, provided the line availability is maintained above 98%. The project will also benefit from diversified counterparty risk and strong payment security under the point of connection (PoC) mechanism once commissioned. Under the POC mechanism, the CTUIL collects monthly transmission charges from ISTS customers, which are distributed to ISTS licensees from the centrally collected pool. CareEdge Ratings notes that, billing and payments are being done in a timely manner.

Key weaknesses

Leveraged capital structure and exposure to interest rates fluctuations

KNTL's capital structure is expected to be leveraged considering debt-funded capex incurred for setting up the project, which requires establishing the transmission system including establishment of substation in Koppal area and connecting it with 400 kV line to Narendra (New) area in Karnataka. The company's debt protection metrics remain exposed to adverse movements in the interest rates. CareEdge Ratings notes that the underlying debt has witnessed an increase in cost, primarily due to upward revision of base rates of lenders since the time of sanction.

Operation and maintenance risk

KNTL is responsible for operating and maintaining the transmission system for 35 years, starting from actual COD, exposing KNTL to the inherent risk of higher-than-envisioned maintenance cost due to volatility in material and labour prices as the payment of transmission charge is fixed throughout the tenor of TSA.

Further, KNTL would be required to maintain the system availability over 95% for a billing period (one month) to avoid deduction of penalty from the invoice amount and above 98% to earn incentive on the transmission charges, therefore, ensuring efficient operation and maintenance activity is crucial for the company.

Liquidity: Adequate

The liquidity position of the company is adequate as reflected by cash and bank balance of ~₹14.5 crore as of February 2025 end. Going forward, CareEdge Ratings expects timely receipt of payments from CTUIL. The internal accruals are anticipated to be adequate to service its debt obligations.

Applicable criteria

[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](#)

[Infrastructure Sector Ratings](#)

[Power- Transmission](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power - Transmission

Incorporated on November 18, 2019, KNTL is a special purpose vehicle (SPV) promoted by RPL through its subsidiary Renew Transmission Ventures Private Limited (RTVPL). KNTL was set up by PFC Consulting Limited (PFCCL) for establishing the transmission system for evacuation of power from Renewable Energy sources in Koppal Wind Energy Zone (Karnataka) (2,500 MW) on Build, Own, Operate and Maintain (BOOM) basis and to provide transmission service to Long Term Transmission Customers (LTTCS) for 35 years.

RTVPL acquired KNTL from PFCCL after emerging as the successful bidder for development of 400 kV D/C transmission line between Koppal to Narendra (New) and a 5x500 MVA, 400/220 kV pooling station in Koppal district, Karnataka.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	593.40	109.70
PBILDT	22.90	32.40
PAT	15.10	13.50
Overall gearing (times)	6.05	8.54
Interest coverage (times)	1.37	0.66

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
Fund-based - LT-Term Loan		-	-	31/03/2040	505.95	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	505.95	CARE A- (RWP)	-	1)CARE A- ; Stable (28-Mar-25)	1)CARE A- ; Stable (03-Jan-24)	1)CARE A- ; Stable (06-Oct-22)

LT: Long term; ST: Short term; 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	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated: Not applicable

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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