

O2 RENEWABLE ENERGY XIV PRIVATE LIMITED

July 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	91.00	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of O2 Renewable Energy XIV Private Limited (O2XIV), which is setting up a 25 MW AC solar (33.75 MW DC) in Maharashtra factors in the strong parentage of JSW Energy Limited (JSWEL). JSWEL's credit profile is bolstered by its extensive scale of operations and a well-diversified business portfolio, encompassing thermal, hydro, and renewable power generation, as well as power transmission and trading.

The rating derives strength from O2XIV's long-term power purchase agreement (PPA) with a strong off-taker, Supreme Industries Limited (SIL) for power supply for 25 MWAC (33.75 MW DC) at a fixed tariff of Rs. 3.25/ kwh for 25 years from COD which mitigates offtake risk. SIL has a strong credit profile which mitigates counter-party credit risk and payments from SIL are expected to be timely. The company is setting up solar project for meeting the power requirement of SIL under the group captive mode with SIL holding 26% equity stake and procuring the entire output. The project has achieved COD for 25 MW capacity on March 28, 2025. Further, the presence of enabling clauses such as lock in period of 15 years and compensation to the developer in case of an early exit by the customer act as necessary safeguards. Going forward, as per CARE Ratings' base case scenario, the debt protection metrics are expected to be comfortable as reflected by average Debt-service coverage ratio (DSCR) being around 1.2x for the debt tenor. The rating also derives strength from the presence of one quarter debt service reserve account (DSRA).

These strengths of O2XIV are however, tempered due to its limited track record of operations as the plant has achieved COD in March 2025 and is yet to demonstrate operational track record. The ability of the company to achieve generation in line with P90 PLF estimates will be the key credit monitorable. The rating is constrained due to leveraged capital structure as the project has been funded through a debt equity mix of 70:30. The same is likely to lead to a full year Total Debt/EBITDA multiple of ~8 times in FY26. The company also remains exposed to variations in the interest rates as the tariff is fixed for PPA tenor and interest rate is floating in nature. CARE Ratings also takes into account vulnerability of project cash flows to adverse variation in weather conditions.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Generation in line with P90 PLF estimates and timely payment from counter parties leading to average debt service coverage ratio (DSCR) of 1.25x on a sustained basis.
- Faster than expected deleveraging of the asset.

Negative factors

- Lower-than-envisaged generation or increase in borrowing cost or higher expenses significantly impacting the coverage indicators with DSCR below 1.15x on a sustained basis.
- Elongated receivables days on a sustained basis with payments delayed beyond 90 days adversely impacting O2XIV's liquidity.
- Weakening of the credit profile of ultimate parent company i.e. JSW Energy Limited or any adverse change in linkages/support philosophy between the ultimate parent and the SPV.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Strong parentage of JSWEL: The SPV benefits from the robust credit profile of its ultimate parent, JSW Energy, which is supported by its large-scale operations and diversified business activities. JSWEL operates across multiple states in the power generation and transmission sectors. As of March 2025, it had an operational generation capacity of 10.9 GW, comprising thermal (52%), hydro (13%), and renewable energy (35%). Additionally, it has approximately 9.2 GW of capacity under construction, excluding storage and inorganic projects. Its financial flexibility is strengthened by its affiliation with a seasoned and resourceful promoter group

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

Long-term revenue visibility considering long term PPA under group captive mode

O2XIV has entered into long-term PPA with Supreme Industries Limited (SIL) for power supply from 25 MW(AC) project at a fixed tariff of ₹3.25/ kwh for 25 years from COD. This provides long-term revenue visibility to O2XIV. The project is being set up under the group captive mode with SIL owing 26% stake in the company and procuring entire generation. The PPA assures minimum savings on landed basis (PPA tariff including open access charges) against grid tariff applicable to SIL.

Successful commissioning of entire capacity

The 25 MW (AC) grid connected solar project is located in Motala district, Maharashtra. The project was commissioned in two phases wherein 16.6 MW AC capacity got commissioned on January 31, 2025 and remaining 8.4 MW AC capacity got commissioned on March 28, 2025. Given the recently commissioned status, the project has limited operating track record. The project is equipped with solar modules from Longi and Jinko Solar and inverters from Sungrow both of which have standard warranty clauses.

Moderate Coverage Metrics

Coverage metrics for O2XIV are expected to be comfortable with average DSCR being around 1.2x for the projected period. Availability of DSRA equivalent to one quarter of debt servicing provides comfort from credit perspective

Key Rating Weaknesses

Project stabilisation risk

The project achieved full commissioning on March 28, 2025, and thus has a very limited operational track record. The generation performance for the given track record of operations remains lower than designed energy estimates as the project is under stabilisation phase. Going forward, ability of the company to demonstrate generation performance in line with P90 PLF estimates shall be a key rating monitorable.

Leveraged capital structure with interest rate risk

The rating is constrained due to leveraged capital structure as the project is funded in a debt equity mix of 70:30. As per CARE Ratings' base case scenario, the Total External Debt/EBITDA is expected to remain around 8 times over next few years. Furthermore, 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 variation in weather conditions

As tariffs 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 debt servicing ability. The geographical concentration of asset amplifies the generation risk. The revenue is linked to actual generation and lower generation may adversely impact the debt coverage indicators.

Liquidity: Adequate

Liquidity position of O2XIV is adequate with cash and cash equivalent of Rs. 9.91 crore as on April 30, 2025. The company is also maintaining 1 quarter of DSRA amounting to Rs. 3.11 crore. The company does not have any sanctioned WC limits. Repayment of term loan starts from Q3FY26, company will have sufficient time for project to stabilize and build up sufficient liquidity for debt servicing.

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

O2 Renewable Energy XIV Pvt Ltd is a Special Purpose Vehicle incorporated on May 26, 2023 as a Joint venture between O2 Energy SG Pte. Ltd. and The Supreme Industries Limited. The company signed a PPA with The Supreme Industries Limited (rated CRISIL AA+; Stable) under the group captive structure for power off-take of 25 MW AC solar energy project in Motala district, Maharashtra at a fixed tariff of Rs 3.25/unit for period of 25 years with 15 years lock in. The plant was commissioned in phases. 16.6 MWac capacity of the project got operational on January 31, 2025. Remaining 8.4 MWac capacity of the project got operational on March 28, 2025.

Brief Financials (₹ crore)	March 31, 2025 (A)
Total operating income	0.88
PBILDT	0.51
PAT	-3.48
Overall gearing (times)	4.29
Interest coverage (times)	0.40

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term loan / Working Capital Facility		-	-	September 2041	91.00	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	Fund-based - LT-Term loan / Working Capital Facility	LT	91.00	CARE A; Stable				

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 / Working Capital Facility	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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saiikat.roy@careedge.in	Analytical Contacts Jatin Arya Director CARE Ratings Limited Phone: 91-120-4452021 E-mail: Jatin.Arya@careedge.in Shailendra Singh Baghel Associate Director CARE Ratings Limited Phone: 91-120-4452020 E-mail: Shailendra.baghel@careedge.in Prajjawal Tyagi Lead Analyst CARE Ratings Limited E-mail: Prajjawal.Tyagi@careedge.in
---	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**