TEQ Green Power XII Private Limited

July 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	441.00	CARE A; Stable	Upgraded from CARE A- and removed from Rating Watch with Positive Implications; Stable outlook assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CareEdge Ratings has upgraded the long-term rating of TEQ Green Power XII Private Limited (TGPXIIPL) and has simultaneously removed the rating from watch with positive implications. The upgrade in the rating factors in the improvement in the credit profile of the ultimate parent along with enhanced clarity regarding the support philosophy of JSW Energy Limited (JSWEL) towards the assets of O2 Power. As articulated by the JSWEL management, the O2 Power's assets are strategic in nature and support requirement if any, shall be forthcoming. CareEdge Ratings also take into account the continuation of a promoter support undertaking that mandates resizing of debt in case of PLF is below P90 PLF estimates in two out of three years post COD.

The rating derives strength from the presence of long-term power purchase agreement (PPA) for 25 years from scheduled commercial operation date (SCOD) with Gujarat Urja Vikas Nigam Limited (GUVNL; CARE AA; positive/CARE A1+) providing revenue visibility. GUVNL has strong credit profile which mitigates counter party credit risk to a large extent. Moreover, GUVNL has a track record of timely payments to power producers which is credit positive. The 70.2 MW wind power project of the company has achieved COD on December 15, 2024 (part commissioning in May 2024) as against scheduled COD of December 14, 2024 thereby mitigating execution risk typically associated with under construction projects. The rating also derives strength from the track record of O2 group in setting up and operating renewable power projects.

However, the rating is constrained by limited operational track record of the project as the COD was achieved on December 15, 2024. The generation of the project since COD has been moderate owing to stabilization phase. The ability of the company to achieve generation in line with P90 PLF estimates will be a key credit monitorable since revenue is linked to actual generation. The rating is further constrained by leveraged capital structure of the company as reflected by projected total debt/EBITDA above 7x in the near term which is expected to reduce over period of time. The rating is also sensitive to the interest rate fluctuation risk given the project's floating interest rate for the debt and tariff being fixed for the tenor of PPA. Further, the rating continues to be exposed to climate risk since the revenue is linked to actual generation. The company is exposed to refinancing risk for bullet repayment of ~91% of term debt in December 2028. However, the risk is mitigated to some extent by tail period of ~21 years and operational track record at time of refinancing.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Generation in line with P90 PLF estimates and timely payment from counter party or average DSCR of 1.25 times 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 1.15 times on a sustained basis.
- Elongated receivables days on a sustained basis with payments delayed beyond 90 days adversely impacting TGPXIIPL's liquidity.
- Deterioration in credit profile of the ultimate parent, JSWEL or any change in linkages/support philosophy between JSWEL and TGPXIIPL.

Analytical approach: Standalone plus factoring in support from the ultimate parent i.e. JSWEL

CareEdge Ratings has notched up ratings, factoring operational, financial, and managerial support extended by the promoter JSWEL.

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

Outlook: Stable

Stable outlook reflects CareEdge Ratings' opinion that the company will be able to demonstrate satisfactory operational performance aligned with P90 PLF estimates and payments from the off taker shall be timely. The outlook is supported by the presence of long term PPA for the entire capacity.

Detailed description of the key rating drivers

Key strengths

Strong parentage of JSWEL

TGPXIIPL benefits from the robust credit profile of its ultimate parent, JSWEL, 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 (12.1 GW post-acquisition of O2 group in April 2025), 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.

Low sales risk due to long-term PPA with GUVNL for the entire capacity at fixed competitive tariff

TGPXIIPL will be supplying power to Gujarat Urja Vikas Nigam Limited (GUVNL, rated CARE AA+; Stable; CARE A1+) per the terms of PPA signed for the supply of power at a fixed tariff of ₹2.90/kWh, for 25 years from SCOD (December 14, 2024). This provides long-term revenue visibility to the company. GUVNL is required to make the payment within 30 days from the delivery of billing invoice as per terms of PPA. The PPA also provides compensation to TGPXIIPL in case of transmission constraint, off-take constraint due to grid unavailability or off-take constraints due to backdown which is a positive.

Strong credit profile of off-taker

GUVNL, a wholly owned subsidiary of Government of Gujarat (GoG) and holding company of Gujarat state power utilities, has strong financial and operational profile characterised by low cash against cash levels, healthy profitability and low aggregate technical and commercial (AT&C) loss. This alleviates the counterparty credit risk to a large extent despite GUVNL being the sole off-taker. Accordingly, the payment from the off-taker is expected to be timely as evident from GUVNL's payment track record for other renewable IPPs. The payment from GUVNL to the company since part commissioning in May 2024 has been timely.

Key weaknesses

Limited track record, project stabilisation risk

The project achieved COD in phases, with partial COD in May 2024 and COD for entire capacity of 70.2 MW on December 15, 2024, as against Scheduled COD of December 14, 2024.

Although the project has been commissioned with all the necessary approvals in place, sustained generation levels at par with P90 PLF estimates are yet to be seen and shall be a key rating monitorable. The revenue is linked to actual generation and any decline in generation may impact the debt coverage indicators of the company.

Refinancing requirement in FY2029

The existing project debt has a Door-to-door tenure of 4 years including 12 months of moratorium and 3 years of structured repayment with a bullet repayment of ~91% payable at the end of repayment period by way of refinancing in December 2028. The ability of the company to secure long-term debt at favorable terms (interest rate, tenor etc) would remain a monitorable. The refinancing risk is mitigated to some extent by tail period of 21 years, PPA with a strong counter party (GUVNL) and operational track record of ~4 years at time of refinancing.

Leveraged capital structure with interest rate risk

The company's capital structure is leveraged due to the debt-funded capex incurred for setting up the project. Given the leveraged capital structure and single-part nature of the fixed tariff in the PPA, profitability remains exposed to any increase in the interest rates, given the floating interest rates for the term loan availed by the entity. The total debt/EBITDA is expected to be remain above 7 times in the near term.

Dependence on favourable climatic conditions and wind patterns

Wind projects are exposed to the inherent risk of weather fluctuations, leading to variations in the wind patterns, which affects the plant load factor (PLF). revenue of the project is linked to actual generation and any decline in generation may impact the debt coverage indicators.

Liquidity: Adequate

Liquidity position of TGPXIIPL is adequate with cash and cash equivalent of Rs. 38.69 crore as on March 31, 2025. The company does not have any sanctioned WC limits. Repayment of term loan starts from Q4FY26, company will have sufficient time for project to stabilize and build up sufficient liquidity for debt servicing.

Applicable criteria

Policy on Default Recognition
Notching by Factoring Linkages in Ratings
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Infrastructure Sector Ratings
Wind Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

TEQ Green Power XII Pvt Ltd (TGPXIIPL) is a Special Purpose Vehicle established on August 10, 2021. It is a wholly owned subsidiary of O2 Power SG Pte Ltd. The Company has developed a 70.2 MW wind power project in Amreli district, Gujarat. A long-term Power Purchase Agreement has been signed with GUVNL at a fixed tariff of Rs. 2.90/kWh for 25 years from SCOD. The project has achieved COD on December 15, 2024 as against Scheduled COD of December 14, 2024.

Brief Financials (₹ crore)	March 31, 2025 (A)
Total operating income	34.32
PBILDT	27.09
PAT	-15.03
Overall gearing (times)	5.51
Interest coverage (times)	0.88

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-Funded Interest term Loan		-	-	December 2028	441.00	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-Funded Interest term Loan	LT	441.00	CARE A; Stable	-	1)CARE A- (RWP) (24-Feb-25)	-	-

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-Funded Interest 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.

Contact us

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