

O2 Renewable Energy XIX Private Limited

July 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	104.30	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 O2 Renewable Energy XIX Private Limited (O2XIX) 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 sponsor 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 sponsor 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 O2XIX's long-term power purchase agreement (PPA) with a strong off-taker, STT Global Data Centres India Private Limited (SGDC, rated CARE AA+; Stable / CARE A1+), for 25 years from COD at a tariff of weighted average tariff of ₹3.71/ unit. The contract is for a power supply on round-the-clock basis (RTC). SGDC has a strong credit profile which mitigates counter-party credit risk and payments from SGDC are largely expected to be timely. Moreover, the presence of enabling clauses such as lock in period and compensation to the developer in case of an early exit by the customer act as necessary safeguards. The company is setting up hybrid wind/ solar project for meeting the RTC requirement of SGDC under group captive mode with SGDC holding 26% equity stake and procuring entire output to meet the group captive norms. The project is under advanced stages of construction and is expected to be commissioned by end of July 2025.

While the project is in advanced stage of construction, the rating is constrained by execution risk owing to under construction status of the project. The company's ability to commission the project within SCOD without material cost and/or time overrun and demonstrate generation track record in line with P90 PLF estimates post COD shall be a key rating monitorable. Since the company is setting up higher capacity to meet the RTC requirement of SGDC, the company is also exposed to price and demand risk as the surplus generation which is equivalent to 15% of the total capacity is expected to be sold through merchant route. The rating is further constrained by the company's leveraged capital structure as reflected by projected total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) above 5x in the near term which is expected to reduce over 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. The rating continues to be exposed to climate risk since the revenue is linked to actual generation. The rating is exposed to refinancing risk owing to bullet repayment of 32% of term debt in March 2041. However, the risk is mitigated to some extent by tail period of 9 years with PPA expiry in FY2050 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 parties leading to average DSCR of 1.30 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 O2XIX's liquidity.
- Weakening of the credit profile of the ultimate parent, i.e., JSWEL, or any change in linkages/support philosophy between JSWEL and O2XIX.

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

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

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

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE Ratings') expectation for the company's commissioning of the capacity along with stabilization of the project. The outlook is supported by satisfactory revenue visibility, given the presence of a long-term PPA and anticipated timely receipt from its off-taker, SGDC.

Detailed description of key rating drivers:**Key strengths****Strong parentage of JSWEL**

O2XIX 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 on account of long term PPA under group captive mode

O2XIX has entered into a long term PPA of 25 years with STT Global Data Centres India Private Limited (SGDC, rated CARE AA+; Stable / CARE A1+), which was signed on October 25, 2023 (8.1 MW of Wind and 6.25 MW of Solar) and April 08, 2024 (5.4 MW of Wind and 1.1 MW of Solar), with a period of 25 years at a fixed tariff of Rs. 3.55 /unit and Rs. 4.05/ unit respectively to meet the RTC requirements of the offtaker, SGDC. The company will cater to data centers of SGDC in Delhi and Noida.

The project is being set up under the group captive mode with SGDC owing 26% stake in the company and procuring entire generation. The PPA assures minimum savings of Rs 0.5 per unit on landed basis (PPA tariff including open access charges).

Moderate coverage metrics

Coverage metrics for O2XIX are expected to be comfortable with average DSCR of 1.30x for the projected period. The lender has allowed a moratorium of 12 months with repayment starting from June 2026 which allows the project to stabilize in terms of generation.

The borrower shall maintain DSRA equivalent to 2 quarters of interest and principal repayment obligations for wind project and 1 quarter of interest and principal repayment obligations for solar project. 1 quarter DSRA to be funded through promoter contribution without any recourse on project assets on first disbursement by the lender which has already been created and balance DSRA to be created within 18 months. The presence of DSRA for one quarter as on date is a positive.

Advanced stage of construction mitigates execution risk to large extent

The project is expected to be commissioned by end of July 2025. The project has achieved satisfactory physical and financial progress. All the WTGs and Solar modules are delivered at site. The company has achieved financial progress of ~85% in the project as on March 31, 2025.

Key weaknesses**Project stabilisation risk**

The project is under advanced stage of completion and expected to achieve COD by end of July 2025. The ability of the company to demonstrate satisfactory generation track record post COD in line with P90 PLF estimates shall be a key monitorable.

Regulatory risk associated with group captive projects and RTC nature of PPA

The RTC project is being developed under a group captive model, with open access charges and losses passed through to the offtaker, SGDC. Any unfavorable changes in open access regulations could lead to an increase in the landed tariff for SGDC, reducing the savings outlined in the PPA.

The PPA assures minimum savings equivalent to 15% of the applicable DISCOM's tariff against actual saving of more than 45% on the DISCOM's tariff for the two PPAs as on date. Hence, the project is exposed to regulatory risk.

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 fixed tariff in the PPA, profitability remains exposed to increase in the interest rates, given the floating interest rates for the term loan availed by the entity. The TD/EBITDA is expected to remain above 5x in the near term.

Merchant risk associated with the project

The company is setting up higher capacity of solar and wind capacity to meet the RTC requirement of SGDC. Hence, ~15% generation is expected to be sold through merchant route exposing the project to volume and price risk.

Exposure of the project towards 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). Solar power projects are exposed to variation in solar irradiance, dust and other factors. The revenue of the project is linked to actual generation and decline in generation may impact the debt coverage indicators.

Liquidity: Adequate

Liquidity position of O2XIX is adequate with cash and cash equivalent of Rs. 57.97 crore as on March 31, 2025. The company is also maintaining 1 quarter of DSRA. The company does not have any sanctioned WC limits. Repayment of term loan starts from Q1FY27, 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](#)
- [Solar Power Projects](#)
- [Project Stage Entities](#)
- [Wind Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

O2 Renewable Energy XIX Pvt Ltd is a Special Purpose Vehicle incorporated on 18th July 2023 as a Joint venture between O2 Power and STT Global Data Centres India Private Limited (SGDC). The company has signed a PPA with SGDC for supplying power under the captive structure from 7.35 MW AC solar energy and 13.5 MW wind energy project in Beed and Ahmednagar districts of Maharashtra at a weighted average tariff of Rs. 3.71/unit for period of 25 years with 10 years lock in. The company has signed two PPAs in October 2023 and April 2024 for supplying power to the data centers of SGDC located in Delhi and Noida respectively.

Brief financials: Not applicable as it is a project stage entity.

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		-	-	March 2041	104.30	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	LT	104.30	CARE A; Stable	1)CARE A-(RWP) (03-Apr-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-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

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

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**