

O2 Renewable Energy X Private Limited

July 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.71	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 X Private Limited (O2REXPL) and has simultaneously removed the rating from watch with positive implications. The upgrade in the rating factors in 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 presence of a sponsor support undertaking from JSW Neo Energy Limited that mandates resizing of debt in case of PLF is below P90 PLF estimates in two out of three years post COD.

The rating continues to derive comfort from low sales risk emanating from the long-term power purchase agreement (PPA) at fixed tariff of Rs 3.85 per unit for 25 year from COD for its 2.2-MW_{AC} solar power plant with Manipal Hospitals Private Limited (MHPL). The PPA is characterised by the presence enabling clauses such as lock-in period and termination payments. The entire capacity was commissioned on December 29, 2023. The project has been setup under the group captive mode with MHPL holding 26% equity stake and procuring entire output to meet the group captive norms. The rating also factors in satisfactory operational performance of the plant in FY25 at PLF of 25.06% (first full year of operation) as against P90 PLF of 24.01%. Favourable terms of the loan characterised by elongated tenor against the lock in period per PPA and maintenance of two quarter of debt service reserve account (DSRA) provides additional comfort.

However, rating strengths are partially offset by the project's limited track record since COD on December 29, 2023, although generation in FY25 has been satisfactory. The rating is also constrained by O2REXPL's leveraged capital structure as evident from total debt/EBITDA of 6.8 times as on March 31, 2025 which is expected to remain above 6 times in the next three years. 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

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Generation in line with P90 PLF estimates and timely payment from counter party 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 TGPXIPL's liquidity.
- Deterioration in credit profile of the ultimate parent, JSWEL or any change in linkages/support philosophy between JSWEL and O2REXPL.

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.

¹Complete 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**

O2REXPL 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.

Satisfactory operational performance

The entire capacity of 2.2 MW AC of the company was commissioned on December 29, 2023. The generation performance of the company remained satisfactory since COD as reflected by PLF of 25.06% in FY25 as against P-90 PLF of 24.01%. Satisfactory generation level in line with P90 PLF estimates going forward would be a key credit monitorable.

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

The company is supplying power to MHPL according to the PPA terms signed for supply of power at a fixed tariff of Rs 3.85 per unit for 25 years from COD. The contracted tariff is at a fair discount to the state grid tariff rate. The longer lock-in period of 20 years and termination payment ranging from 12-24 months of tariff payments provides comfort. The payment from offtaker has been timely so far since COD. Sustained timely payment track record from MHPL will be a key monitorable.

Key weaknesses**Limited track record, project stabilisation risk**

The company has a limited track record of operations since the project achieved COD in December 2023 and has a track record of ~18 months. Although generation since COD has been satisfactory, sustained generation levels in line with P90 PLF estimates 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

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. The term debt/PBILD stood at 6.8x in FY25. Going forward, CARE Ratings expects the company's term debt/PBILD to remain rangebound ~6x in the next three years. Given the leveraged capital structure and single-part nature of the fixed tariff in the PPA, profitability remains exposed to increase in interest rates, given the floating nature of interest on bank facility availed by the entity.

Dependence on favourable climatic conditions

Solar projects are exposed to the inherent risk of weather fluctuations, affecting the plant load factor (PLF). As tariffs are one part in nature, the company may book lower revenues in the event of non-generation of power due to variation in weather conditions and/or equipment quality.

Exposure to regulatory risk

O2REXPL is exposed to regulatory risks owing to changes in open-access charges and banking norms. The risk is mitigated to some extent by the passthrough of such charges and losses for the entire tenor of PPAs and sufficient built-up of the same through tariff. However, in case of any upward revision in these charges and losses or adverse change in regulations, the landed cost of power for off-taker could increase, thus impacting the tariff cost competitiveness. CARE Ratings understands that the promoter is likely to support the SPV in case of any adverse regulatory impact.

Liquidity: Adequate

O2REXPL's gross cash accruals (GCA) in FY26 and FY27 are expected to sufficiently cover its debt repayment obligations. O2REXPL has cash and cash equivalent of around ₹5.33 crore (including DSRA of ₹4.77 crore) as on April 30, 2025. The company does not have sanctioned working capital limit

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](#)

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power generation

O2REXPL is an SPV incorporated on September 20, 2022 as a joint venture between O2 Energy SG Pte. Ltd. and MHPL. The company signed a PPA with MHPL for supplying power under the captive structure from 2.20-MW AC solar energy project in Beed district, Maharashtra, at a fixed tariff of ₹3.85/unit for 25 years with 20 years lock-in. The company achieved COD on December 29, 2023.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)
Total operating income	0.35	1.94
PBILDT	0.09	1.41
PAT	-1.24	0.59
Overall gearing (times)	NM	NM
Interest coverage (times)	0.20	0.94

A: Audited; NM: Not Meaningful; 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: to Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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		-	-	December 2043	10.71	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	10.71	CARE A; Stable	-	1)CARE A-(RWP) (07-Jan-25) 2)CARE A-; Stable (28-May-24)	-	-

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

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