Tata Power Renewable Energy Limited

August 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	2,670.86	CARE AA+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	4,324.00	CARE AA+; Stable / CARE A1+	Reaffirmed
Non-Convertible Debentures	400.00	CARE AA+; Stable	Reaffirmed
Non-Convertible Debentures	700.00	CARE AA+; Stable	Reaffirmed
Non-Convertible Debentures	1,000.00	CARE AA+; Stable	Reaffirmed
Commercial Paper	2,500.00 (Reduced from 3,500.00)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings of Tata Power Renewable Energy Limited (TPREL) primarily factors in the increase in its installed capacity by ~1 GW in FY25 and ~93 MW in Q1 FY26 leading to total operational capacity of 5.6 GW as of June 30, 2025. The generation performance of its operational capacity remained satisfactory in FY25. The company achieved commissioning of the ~4.3 GW cell manufacturing facility (2 GW in November 2024 and 2.3 GW in February 2025) and the ramp up of the module manufacturing capacity in FY25. The performance of solar EPC business remained robust with revenue of Rs 10,043 crore in FY25. The EPC and manufacturing business are catering to in house as well as third party clients. Healthy operational performance translated to a notable improvement in EBITDA, which rose to ~Rs. 4,221 crore in FY25 from Rs. 3,197 crore in FY24 (as per CareEdge Ratings (CARE Ratings Limited)). CareEdge Ratings expects EBITDA to remain above ~Rs. 4,500 crore in FY26.

TPREL's ratings continues to derive comfort given minimal sales risk owing to the presence of long-term Power Purchase Agreements (PPAs) for its operational as well as under-construction capacity. The company's diversified portfolio, encompassing geographical presence across 15 states, a broad array of off-takers (including state and central utilities, captive clients, and commercial and industrial (C&I) customers), and resource diversification (~82% solar and ~18% wind as on June 30, 2025), also contributes positively to the ratings. Furthermore, TPREL's strategic importance to The Tata Power Company Limited (TPCL, rated CARE AA+; Stable), serving as the group's growth engine for renewable energy, provides considerable financial flexibility. CareEdge Ratings anticipates continued financial and operational support from TPCL in line with past years, including equity infusions to address any shortfalls in under-construction projects.

The ratings are tempered by the elevated leverage as evident from total debt/EBITDA of 7.3 times as on March 31, 2025 which is expected to remain above 6 times as per CareEdge Ratings in the next three years owing to significant capital expenditure plans of the company which are proposed to be funded via mix of debt and equity. As per TPCL, the capex on consolidated basis shall be ~Rs 20,000 crore per annum out of which ~60% would be incurred in renewable business under TPREL. The company is also exposed to refinancing risk owing to capex LC maturing in the medium term which shall be replaced by long term financing. Nonetheless, CareEdge Ratings draws comfort from company’s ability to raise funds at an affordable rate given strong parentage. Ratings are also constrained by vulnerability of the company’s profitability to variation in raw material prices and foreign exchange rates given the reliance on imports for solar wafer procurement and the intense competition in the solar manufacturing business. Ratings are also constrained by counterparty credit risk associated with sale of power to state distribution utilities, which have weak-to-moderate financial profile, interest rate risk as tariffs are fixed and interest rate is floating for portion of borrowings, execution risk under EPC business and climatic and technology risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the credit profile of the parent, TPCL.

Negative factors

- Higher-than-envisaged debt-funded capex, resulting in significantly deteriorating total debt to EBITDA.
- Weakening of the credit profile of ultimate parent company i.e. TPCL or any adverse change in linkages/support philosophy between TPCL and TPREL.
- Significant underperformance in generation and/or elongation in receivable cycle adversely impacting liquidity.

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

Analytical approach: Consolidated, factoring support from the parent TPCL

Ratings factor in operational and financial linkages with TPCL and have been accordingly notched up. Companies are under common management and share a common treasury with TPCL. Companies combined are listed under Annexure-6.

Outlook: Stable

Stable outlook reflects strong credit profile of the parent, i.e. TPCL and strong managerial and financial flexibility extended by the same. Further the outlook is supported by presence of LT – PPA for majority of its capacity, stable operational performance in the generation and EPC business along with successful ramp up in the manufacturing business.

Detailed description of key rating drivers:

Key strengths

Diversified portfolio in terms of geography, off-taker, and energy source

TPREL's operational projects are spread across 15 states and is diversified across solar and wind generation capacity with ~82% under solar and ~18% under wind, as on June 30, 2025. The company has commissioned ~1 GW solar power projects during FY25 and 93 MW during Q1FY25. Around ~81% of the capacity is with state and ~19% is under central utilities (SECI, NTPC, SECI etc) whereas remaining ~12% is under C&I segment. No single offtaker apart from GUVNL has more than 15% stake in the overall power sales of the company leading to diversification in counter party.

Additionally, TPREL is also involved in EPC of solar power projects under TPSSL. Order book of solar utility EPC and group captive solar EPC stood at Rs. 11,381 crores as on March 31, 2025. Additionally, company is also undertaking rooftop EPC worth Rs. 864 crores. Also, with the commissioning of the 4.3 GW cell and module capacity, the revenue profile of the company is expected to remain diversified.

Revenue visibility owing to presence of long term PPA and satisfactory operational performance of the portfolio

About 98% of TPREL's operational portfolio has PPAs with a tenure of 25 years, providing revenue visibility. Generation levels for solar improved from CUF of 22.9% in FY25 (FY24: 22.7%) while wind generation was marginally lower at 19.4% in FY25 (FY24: 20.2%). Capacity addition is primarily in solar, which has seen lower tariffs considering decline in module prices. However, tariff remains moderately competitive.

Financial and operational support from the parent

As on March 31, 2025, TPREL is majorly held by TPCL, which has several decades of experience in setting up and operating projects across the power value chain. TPREL is strategically important to TPCL, given TPCL's thrust to increase its non-fossil generation capacity. TPREL previously housed only renewable generation business. With equity infusion by co-investors , BlackRock and Mubadala Investment Company, TPREL has also taken control over Tata Power group's EPC, cell and module manufacturing, solar pump, and electric vehicle (EV) charging business, further increasing its strategic importance.

TPREL has a ~30% share in the EBITDA in of TPCL's overall business, making it economically important. The last infusion was through a preferential rights issue of Rs. 2,600 crores in June 2020. Of the eight directors on the board, four are common with TPCL. They also share a common treasury team. TPCL has demonstrated financial support to its subsidiaries in the past, including infusion of equity and unsecured loans (on a need basis to enhance project viability). CARE Ratings notes that any need-based support, if required, by TPREL would be forthcoming given strong economic interest of the parent.

Key weaknesses

Large capex plans to hold leverage at an elevated level in medium term

In terms of the renewable energy generation business, TPREL's targeted yearly capacity addition in the medium term is aggressive, considering the size of its existing cash-generating portfolio. Debt levels are expected to be elevated in the medium-term , considering debt addition to fund capex for renewable power projects, and working capital requirement and funding requirement for EPC business. Ability of the company to ramp up cell manufacturing business while sustaining healthy utilization levels of module manufacturing and stable profitability shall be a key monitorable. TPREL has 5.7 GW capacity under implementation as on June 30, 2025.

As per TPCL, the capex on consolidated basis shall be ~Rs 20,000 crore per annum out of which ~60% would be incurred in renewable business under TPREL. This would keep the leverage elevated. However, with the incremental commissioning of capacity and backward integration in terms of cell and module are expected to keep the coverage metrics in control.

Counterparty credit risk

The counterparty under the generation business is mix with exposure with central and state utilities along with group captive and C&I customers. Central counterparties and select state distribution utilities have a strong credit profile. However, roughly half of company's operational portfolio is contracted with discoms having a weak-to-moderate credit profile. However, Counterparty risk is partially mitigated by diversified counterparty mix, with PPAs in place with financially strong off-takers. The under-construction projects have signed PPAs with relatively strong counter parties (NTPC, SJVN etc) which is expected to reduce the counter party credit risk once the projects are operational. On a consolidated basis (including generation, manufacturing, EPC and other business), the average collection period of 127 days in FY25 (FY24:129 days) remains high.

Risk due to interest rate fluctuation, climate, and technology

Projects under TPREL are exposed to interest rate fluctuations as bank facilities availed are floating-rate loans and lenders can reset interest rates annually. Tariff for off-take arrangements of power is fixed in majority of the capacity, exposing the company to risk of adverse movement in interest costs. Achieving desired CUF is subject to changes in climatic conditions, level of degradation of modules, and other technological risks. Wind projects are exposed to inherent risk of climate fluctuations, leading to variations in wind patterns, which affect CUF.

Intense competition in the solar manufacturing business

TPREL faces intense competition in the solar business from other domestic manufacturers thereby exposing it to demand related risks. ~80-85% solar modules used in India were imported till FY22 end given the competitive advantage of imported modules against the indigenous modules. However, with the imposition of BCD on imported solar modules and cells (25%) and applicability of ALMM-1, the cost competitiveness of domestic module manufacturers has improved. While the government remains focussed on building domestic manufacturing capabilities, any adverse regulatory/policy level changes which reduces the competitiveness of domestic manufacturers would be a key negative sensitivity.

Liquidity: Strong

At a consolidated level, TPREL has strong liquidity profile marked by strong cash accruals and available cash and cash equivalent of ~2,020 crore as on March 31, 2025. Liquidity is also supported by unutilised fund-based working capital limits. The company mostly uses commercial paper (CP) for short-term funding. The company is expected to meet its debt repayment obligation, incremental capex and regular working capital requirement from cash accruals, available cash balance and undrawn bank limits. Being part of the Tata group and strategic arm of TPCL, TPREL enjoys significant financial flexibility and access to capital market as required.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Short Term Instruments
Wind Power Projects
Solar Power Projects
Consolidation & Combined Approach
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Notching by Factoring Linkages in Ratings

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

A subsidiary of TPCL, TPREL was incorporated on March 02, 2007, for developing power projects through renewable energy sources in India. In August 2022, TPREL became a holding entity of all renewable energy business entities under TPCL. Total operational capacity under TPREL consolidated level is 5.6 GW as on June 30, 2025, while 5.7 GW is under construction. The company commissioned ~1 GW of solar power projects during FY25 and 93 MW during Q1FY26

Brief Financials (₹ crore)* - TPREL (Comoslidated)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	10,124	9,816
PBILDT	3,197	4,221
PAT	748	672
Overall gearing (times)	1.9	2.7
Interest coverage (times)	2.6	3.0

A: Audited; Note: these are latest available financial results *Per CARE Methodology

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-

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
Commercial Paper-Commercial Paper (Standalone)	INE607M14BR4	30-05-2025	7.56	7-364 days	2,500.00	CARE A1+
Debentures-Non-Convertible Debentures	INE607M08071	06-Jan-2023	7.75	30-May-2030	700.00	CARE AA+; Stable
Debentures-Non-Convertible Debentures	INE607M08089	26-Jun-2024	7.93	26-Jun-2029	500.00	CARE AA+; Stable
Debentures-Non-Convertible Debentures	INE607M08097	26-Jun-2024	7.93	26-Jun-2034	500.00	CARE AA+; Stable
Debentures-Non-Convertible Debentures	INE607M07024	06-Jan-2016	7.84	15-Jun-2026	400.00	CARE AA+; Stable
Fund-based - LT-Term Loan		-	-	March 2040	2385.51	CARE AA+; Stable
Fund-based - LT-Term Loan		-	-	March 2027	285.35	CARE AA+; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	4324.00	CARE AA+; Stable / CARE A1+

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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	4324.00	CARE AA+; Stable / CARE A1+	1)CARE AA+; Stable / CARE A1+ (09-Apr-25)	1)CARE AA+; Stable / CARE A1+ (09-Jan-25) 2)CARE AA+; Stable / CARE A1+ (07-Oct-24) 3)CARE AA+; Stable / CARE A1+ (20-Jun-24)	1)CARE AA; Positive / CARE A1+ (28-Sep-23) 2)CARE AA; Stable / CARE A1+ (25-May-23)	1)CARE AA; Stable / CARE A1+ (31-Mar-23) 2)CARE AA; Stable / CARE A1+ (06-Dec-22) 3)CARE AA; Stable / CARE A1+ (01-Jul-22)
2	Fund-based - LT-Term Loan	LT	2385.51	CARE AA+; Stable	1)CARE AA+; Stable (09-Apr-25)	1)CARE AA+; Stable (09-Jan-25) 2)CARE AA+; Stable (07-Oct-24) 3)CARE AA+; Stable (20-Jun-24)	1)CARE AA; Positive (28-Sep-23) 2)CARE AA; Stable (25-May-23)	1)CARE AA; Stable (31-Mar-23) 2)CARE AA; Stable (06-Dec-22) 3)CARE AA; Stable (01-Jul-22)
3	Debentures-Non Convertible Debentures	LT	400.00	CARE AA+; Stable	1)CARE AA+; Stable (09-Apr-25)	1)CARE AA+; Stable (09-Jan-25) 2)CARE AA+; Stable (07-Oct-24)	1)CARE AA; Positive (28-Sep-23) 2)CARE AA; Stable (25-May-23)	1)CARE AA; Stable (06-Dec-22) 2)CARE AA; Stable (01-Jul-22)

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
						3)CARE AA+; Stable (20-Jun-24)		
4	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (06-Dec-22) 2)CARE AA; Stable (01-Jul-22)
5	Commercial Paper-Commercial Paper (Standalone)	ST	2500.00	CARE A1+	1)CARE A1+ (09-Apr-25)	1)CARE A1+ (09-Jan-25) 2)CARE A1+ (07-Oct-24) 3)CARE A1+ (20-Jun-24)	1)CARE A1+ (28-Sep-23) 2)CARE A1+ (25-May-23)	1)CARE A1+ (31-Mar-23) 2)CARE A1+ (01-Jul-22) 3)CARE A1+ (08-Jun-22)
6	Fund-based - LT-Term Loan	LT	285.35	CARE AA+; Stable	1)CARE AA+; Stable (09-Apr-25)	1)CARE AA+; Stable (09-Jan-25) 2)CARE AA+; Stable (07-Oct-24) 3)CARE AA+; Stable (20-Jun-24)	1)CARE AA; Positive (28-Sep-23) 2)CARE AA; Stable (25-May-23)	1)CARE AA; Stable (31-Mar-23) 2)CARE AA; Stable (06-Dec-22) 3)CARE AA; Stable (01-Jul-22)
7	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	-	-	1)Withdrawn (01-Jul-22)
8	Un Supported Rating	LT	-	-	-	-	-	1)Withdrawn (01-Jul-22)

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
9	Debentures-Non Convertible Debentures	LT	700.00	CARE AA+; Stable	1)CARE AA+; Stable (09-Apr-25)	1)CARE AA+; Stable (09-Jan-25) 2)CARE AA+; Stable (07-Oct-24) 3)CARE AA+; Stable (20-Jun-24)	1)CARE AA; Positive (28-Sep-23) 2)CARE AA; Stable (25-May-23)	-
10	Debentures-Non Convertible Debentures	LT	1000.00	CARE AA+; Stable	1)CARE AA+; Stable (09-Apr-25)	1)CARE AA+; Stable (09-Jan-25) 2)CARE AA+; Stable (07-Oct-24) 3)CARE AA+; Stable (20-Jun-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	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non Convertible Debentures	Simple
3	Debentures-Non Convertible Debentures	Simple
4	Fund-based - LT-Term Loan	Simple
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Poolavadi Windfarm Ltd.	Full	Subsidiary
2.	Nivade Windfarm Ltd.	Full	Subsidiary
3.	Tata Power EV Charging Solutions Ltd.	Full	Subsidiary
4.	TP Kirnali Ltd.(TPKL)	Full	Subsidiary
5.	Tata Power Green Energy Ltd. (TPGEL)	Full	Subsidiary
6.	Supa Windfarm Ltd.	Full	Subsidiary
7.	TP Kirnali Solar Ltd.	Full	Subsidiary
8.	TP Solapur Solar Ltd.	Full	Subsidiary
9.	TP Saurya Ltd.	Full	Subsidiary
10.	TP Akkalkot Renewable Ltd.	Full	Subsidiary
11.	TP Roofurja Renewable Ltd.	Full	Subsidiary
12.	TP Solapur Saurya Ltd.	Full	Subsidiary
13.	TP Solar Ltd.	Full	Subsidiary
14.	TP Nanded Ltd.	Full	Subsidiary
15.	TP Green Nature Ltd.	Full	Subsidiary
16.	TP Adhrit Solar Ltd.	Full	Subsidiary
17.	TP Arya Saurya Ltd.	Full	Subsidiary
18.	TP Saurya Bandita Ltd.	Full	Subsidiary
19.	TP Ekadash Ltd.	Full	Subsidiary
20.	TP Govardhan Creatives Ltd.	Full	Subsidiary
21.	TP Narmada Solar Ltd.	Full	Subsidiary
22.	TP Bhaskar Renewables Ltd.	Full	Subsidiary
23.	TP Atharva Solar Ltd.	Full	Subsidiary
24.	TP Vivagreen Ltd.	Full	Subsidiary
25.	TP Vardhaman Surya Ltd.	Full	Subsidiary
26.	TP Kaunteya Saurya Ltd.	Full	Subsidiary
27.	TP Alpha Ltd.	Full	Subsidiary
28.	TP Varun Ltd.	Full	Subsidiary
29.	TP Mercury Ltd.	Full	Subsidiary
30.	TP Saturn Ltd.	Full	Subsidiary
31.	TP Agastaya Ltd.	Full	Subsidiary
32.	TP Samaksh Ltd.	Full	Subsidiary
33.	TP Surya Ltd.	Full	Subsidiary
34.	TP Aboli Ltd.	Full	Subsidiary
35.	TP Magnolia Ltd.	Full	Subsidiary
36.	TP Gulmohar Ltd.	Full	Subsidiary
37.	TP Cypress Ltd.	Full	Subsidiary
38.	TP Orchid Ltd.	Full	Subsidiary
39.	TP Godavari Solar Ltd.	Full	Subsidiary
40.	TP Aakash Ltd.	Full	Subsidiary
41.	TP Marigold Ltd.	Full	Subsidiary
42.	TP Vikas Ltd.	Full	Subsidiary
43.	TP Adarsh Ltd.	Full	Subsidiary
44.	TP Parivart Ltd.	Full	Subsidiary
45.	TP Paarthav Ltd.	Full	Subsidiary
46.	TP Hrihaan Ltd.	Full	Subsidiary
47.	Vagarai Windfarm Limited	Full	Subsidiary

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.

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