

Isharays Energy Two Private Limited

October 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	41.30 (Reduced from 44.00)	CARE A- (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has applied a combined approach for rating the bank facilities of Isharays Energy One Private Limited (Isha-One), Isharays Energy Two Private Limited (Isha-Two), Isharays Energy Three Private Limited (Isha-Three), Suryaurja Two Private Limited (Surya-Two) and Suryaurja Four Private Limited (Surya-Four), herein referred to as Restricted Group (RG), considering the presence of a cash-pooling arrangement (CPA) where these five entities have undertaken to service the shortfall in debt obligations in any of the other entities. The agreement is unconditional, irrevocable, and valid till the expiry of the final settlement date of all the special purpose vehicles (SPVs) in the CPA and is characterised by the presence of a cross-default clause among these entities.

CareEdge Ratings has reaffirmed the long-term rating on bank facilities of the combined entity and placed it on the rating watch with developing implications. The rating watch takes into account execution of a share purchase agreement (SPA) between Sunsource Energy Private Limited (SSEPL, rated CARE A; Stable/A2+), and Inox Neo Energies Private Limited (INEPL, rated CARE A-; Stable/A2+) for transfer of SSEPL's ownership in the RG to INEPL. CareEdge Ratings notes that the transaction is subject to necessary approvals from lenders and regulators. The impact on this RG's credit profile will be assessed upon materialisation of the transaction, post understanding the support and leverage philosophy of the new promoter. CareEdge Ratings will continue to monitor the developments related to the acquisition and assess the impact on the RG's credit risk profile.

The rating reaffirmation factors in improvement in generation performance in H1 FY26 compared to FY25. CareEdge ratings notes that the generation performance in FY25 was below the designed energy estimates on account of stabilisation related bottlenecks as FY25 was the first year of operation. Going forward, CareEdge Ratings expects the generation to be in line with the P90 estimates. The rating is supported by the presence of long-term power purchase agreements (PPAs) for the entire capacity at competitive tariffs with multiple reputed commercial and industrial (C&I) counterparties, which have strong credit profiles. The debt coverage metrics are expected to be comfortable as reflected by cumulative debt service coverage ratio (DSCR) of ~1.25x for the tenor of the debt (CareEdge Ratings expects the outstanding debt to be refinanced over a longer tenure which is standard for renewable energy assets). CareEdge Ratings notes that all entities except one i.e. Isha-One have secured a fixed interest rate till FY27 through an interest rate swap, which mitigates interest rate fluctuation risk to a certain extent in the near term. The rating is also supported by the presence of a strong promoter group in SSEPL.

However, the rating is constrained by the limited track record of operations since cumulative capacity of ~55 MWp achieved commissioning between December 2023 and June 2024, while 44.2 MWp achieved commissioning in October 2024 and balance capacity of 15 MWp achieved commissioning in May 2025. The portfolio's capital structure is leveraged due to debt-funded capital expenditure, which is typical for projects in the renewable energy sector. CareEdge Ratings expects the capital structure to remain leveraged, with expected total debt/ earnings before interest, taxation, depreciation, and amortisation (EBITDA) to remain above 6.0x over the next few years. The ratings are also constrained by refinancing risk due to bullet repayment of the term loan (~80% of the loan value) in FY30, however the same stands mitigated as the RG is expected to have a project life coverage ratio (PLCR) of over 1.4x at the time of refinancing. CareEdge Ratings also considers the exposure of project cash flows to adverse variations in weather conditions due to the single-part tariff for the project.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Actual generation levels in line with estimated P-90 figures and receivable cycle below 60 days on a sustained basis resulting in strong liquidity position.
- Significant improvement in cumulative DSCR on project debt on a sustained basis.
- Faster than expected deleveraging of the project.

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

Negative factors

- Significant underperformance in generation and/or increase in the debt levels weakening the cumulative DSCR on project debt on a sustained basis.
- Non-adherence to the PPA terms by off-takers.

Analytical approach: Combined plus factoring parent support

CareEdge Ratings has applied a combined approach for rating the bank facilities of the company, considering the presence of a CPA for pooling of surplus cash flows from the individual entities to service shortfalls in debt servicing. The agreement is unconditional, irrevocable, and valid till the expiry of the final settlement date of all the SPVs in RG and is characterised by the presence of a cross-default clause among these entities.

In a combined approach, CareEdge Ratings assesses the group of entities as if it were a single entity and combines the financials and business risk profiles of these entities to determine the ratings.

CareEdge Ratings has combined the business and financial risk profiles of the five SPVs. The rating is further strengthened due to the parentage of SSEPL.

Outlook: Not applicable

Detailed description of key rating drivers**Key strengths****Presence of a cash-pooling agreement for pooling of surplus cash flows**

The five SPVs have entered a CPA, where these entities have undertaken to service debt servicing shortfalls of other entities. The agreement is unconditional, irrevocable, and valid for the entire tenor of the rated debt facilities and is characterised by the presence of a cross-default clause among the five entities.

Successful commissioning of full capacity and satisfactory generation performance

The entire combined capacity of ~114 MWp has been commissioned in phases and currently operational. Generation performance of the combined entity has improved in H1FY26 compared to FY25. CareEdge ratings notes that the generation performance in FY25 was below designed energy estimates due to stabilisation related bottlenecks as FY25 was the first year of operation. Going forward, CareEdge Ratings expects the generation to be in line with P90 estimates.

Diversified asset pool in terms of geography and off takers, providing long-term revenue visibility

The combined entity has secured long-term PPAs at competitive tariffs for 100% of its capacity with multiple customers under the group-captive/ third-party mechanism. This arrangement enhances revenue visibility for the projects. The assets benefit from a diverse C&I customer base with strong credit profiles. The collection cycle has remained within 15-30 days from the date of invoice, resulting in lower debtor levels and satisfactory liquidity. Additionally, the assets are located across Uttar Pradesh and Karnataka, which helps mitigate asset concentration risk.

Comfortable debt coverage metrics

The debt coverage metrics of the project are expected to remain comfortable with cumulative DSCR of over 1.25x for the combined entity. The presence of debt service reserve account (DSRA) covering one quarter of debt service obligations in the form of fixed deposit (FD) provides liquidity comfort from a credit perspective. Additionally, the project has a satisfactory weighted average tail life of over five years, supporting the financial strength of the company.

Strong parentage and operating track record of SunSource group in renewable energy segment

SSEPL (rated CARE A; Stable/ CARE A2+) is part of the prestigious Netherlands-based SHV Energy group which operates in India through its Indian arms SHV Energy Private Limited and SSEPL. The entity is engaged in the development of solar projects. The company has been in the solar energy business since 2010 and has gradually built-up assets through the organic route through its various SPVs. Over the years, the company has expanded its portfolio to ~290 MW capacity as on September 30, 2025, with

projects spread across the country in multiple states including Rajasthan, Uttar Pradesh, Karnataka, Haryana, New Delhi, Maharashtra, Tamil Nadu, and Madhya Pradesh. By FY27, the group intends to achieve a total asset portfolio of 1 GW.

SSEPL and INEPL have executed an SPA for transfer of SSEPL's ownership in the RG to INEPL. CareEdge Ratings notes that the transaction is subject to necessary approvals from lenders and regulators. The impact on this RG's credit profile will be assessed upon materialisation of the transaction, post understanding the support and leverage philosophy of the new promoter.

Key weaknesses

Leveraged capital structure for the RG along with exposure to refinancing risk

The portfolio's capital structure is leveraged due to debt-funded capital expenditure, which is typical for projects in the renewable energy sector. CareEdge Ratings expects the capital structure to remain leveraged, with total debt/EBITDA expected to stay over 6.0x in the next few years. Profitability remains exposed to interest rate increases due to the leveraged capital structure, single-part fixed tariff in the PPA, and floating interest rates. CareEdge Ratings observes the RG excluding Isha-One has secured a fixed interest rate for the first two years of repayment through an interest rate swap, which mitigates interest rate fluctuation risk in the near term.

Another credit concern is refinancing risk due to bullet repayment of the term loan (~80% of the loan value) in FY30. However, this is mitigated by expectations that coverage indicators will remain strong.

Vulnerability of cash flows to variation in weather conditions

As tariffs are single part in nature, the companies may book lower revenues due to non-generation of power from variation in weather conditions. This would affect group cash flows and their debt servicing ability.

Liquidity: Adequate

As on September 30, 2025, the structure had a combined cash balance of ~₹27.9 crores. In addition, the RG maintains DSRA amounting to ~₹13.3 crore equivalent to one quarter of debt obligations in the form of FDs. Going forward, CareEdge Ratings expects the generation performance to stabilise and remain in line with the P90 estimates and collections to be timely ensuring sufficient internal accruals to service the RG's debt obligations.

As per CareEdge Ratings' base case, adjusted gross cash accruals for FY26 and FY27 are expected to be ~₹20.8 crore and ~₹24.4 crore, respectively, compared to annual repayments of ~₹12.0 crores each.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Solar Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

Isha-Two, incorporated on April 21, 2022, is an SPV of SSEPL. The company operates a solar power capacity of 30 MWp, supplying energy to multiple reputed C&I counterparties with strong credit profiles under a group-captive mechanism. Of the total 30 MWp capacity, 15 MWp was commissioned in February 2024, and the remaining 15 MWp was commissioned in May 2025.

Brief Financials – Combined entity

(₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total Operating Income	NM	40.1
PBILDT	NM	24.1
PAT	NM	-9.6
Overall Gearing (times)	NM	2.1
Interest Coverage (times)	NM	1.2

A: Audited, NM: Not Material, 'the above results are latest financial results available'

Brief Financials – Isha-One (Standalone)

(₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total Operating Income	NM	7.4
PBILDT	NM	5.4
PAT	NM	-1.3
Overall Gearing (times)	NM	1.7
Interest Coverage (times)	NM	1.4

A: Audited, NM: Not Material, 'the above results are latest financial results available'

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	-	41.30	CARE A- (RWD)

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	41.30	CARE A- (RWD)	-	1)CARE A-; Stable (17-Oct-24)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities
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 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	Isharays Energy One Private Limited	Full	Operational and financial linkages
2	Isharays Energy Three Private Limited	Full	Operational and financial linkages
3	Suryaurja Two Private Limited	Full	Operational and financial linkages
4	Suryaurja Four Private Limited	Full	Operational and financial linkages
5	Isharays Energy Two Private Limited	Full	Operational and financial linkages

Note on complexity levels of rated instruments: CareEdge 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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About us:

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