

IRCON Renewable Power Limited

November 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	2,535.00	CARE A; Positive	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating action on long-term bank facilities of IRCON Renewable Power Limited (IRPL), which is setting up a solar power capacity of 500 MWAC/600 MWDC in Karnataka, factors in the advanced construction progress of the plant. CARE Ratings Limited (CareEdge Ratings) notes that as on September 2025 end, power is already being wheeled from 400 MWAC capacity and the balance capacity is expected to become operational in the next few months. The rating is supported by the extension in scheduled commercial operations date (SCOD) by the off-taker to January 30, 2026, against the initial SCOD of September 2024 end and a corresponding extension by the project lender in the repayment schedule. While a cost overrun, over and above the originally appraised project cost is envisaged, the incremental cost is expected to be funded entirely through promoter funds, thereby preserving the coverage metrics of the project. The delay in project execution is attributable to delay in construction of transmission infrastructure by Central Transmission Utility of India Limited (CTUIL) along with limited availability of modules that meet the domestic content requirements (DCR) norms. CareEdge Ratings notes that the DCR modules have been received at the site.

The rating continues to factor in the strong and resourceful parentage by virtue of IRPL being a 76% subsidiary of IRCON International Limited (IIL). The remaining 24% is held by Ayana Renewable Power Private Limited (ARPPPL), which is among the leading renewable energy developers in the country having an operational capacity of ~2.6 GW and assets under development of ~1.5 GW as of November 2025. Government of India (GoI) holds 65.17% stake in IRCON which is a Navratna public sector undertaking (PSU) engaged primarily in construction of railway projects in India and abroad. The rating positively factors in presence of a sponsor undertaking (from IRPL and ARPPPL) for cost overrun in executing the project in proportion of their economic interests. The rating also derives strength from the presence of a long-term power purchase agreement (PPA) with Southwestern Railways which provides long term revenue visibility. Moreover, CareEdge Ratings expects coverage indicators to remain comfortable with cumulative debt service coverage ratio (DSCR) being upwards of 1.15x for the tenor of the term debt.

However, the rating is constrained considering exposure to execution risk as the project is in under-implementation stage. However, execution risk is mitigated to an extent as a substantial portion of the total capacity is commissioned, and the remaining 100 MW is expected to be commissioned in the next few months. The company is presently supplying power under Temporary General Network Access (TGNA) arrangement at 75% of the PPA tariff. The company's capital structure is expected to be leveraged as the project is funded through a mix of debt and equity (including Viability Gap Funding [VGF]) (75:25). CareEdge Ratings in its base case expects the total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) to remain above 7.0x over the next few years. The company remains exposed to variations in the interest rate as it is linked to floating rates. CareEdge Ratings also notes that VGF amounting to 50% of the stipulated amount to be received on project commissioning. The timely receipt of VGF will be a key credit monitorable. CareEdge Ratings also takes into account vulnerability of project cash flows to adverse variation in weather conditions, given the PPA tariff is single part and fixed for the full tenor of the debt.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful commissioning of operations with actual generation being in line with designed energy estimates and collection period remaining below 75 days.
- Faster-than-expected deleveraging of the project.

Negative factors

- Delay in project execution resulting in cost overrun, with the same being funded by incremental debt resulting in deterioration of debt coverage metrics.

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

- Significant underperformance in generation and/or increase in the entity's debt levels weakening the cumulative DSCR on project debt to less than 1.15xx, on a sustained basis.
- Weakening of the credit profile of the parent, IRCON, or change in linkages/support philosophy between the parent towards the company.

Analytical approach: Standalone plus parent notch up

CareEdge Ratings expects IRPL's parent, IIL to be willing to extend need-based support to IRPL, given the strategic importance of IRPL for IIL.

Outlook: Positive

The positive outlook on rating of IRPL reflects CareEdge Ratings' opinion that substantial portion of the capacity has been commissioned, and balance capacity is expected to be commissioned over next few months. The outlook is supported by the fact that the transmission infrastructure is in advance stages of completion and the likely date of operationalisation of the power evacuation infrastructure is December 31, 2025, as mentioned in the CTUIL Minutes of Meeting of the 50th Meeting of the Joint Coordination Committee for Generation and Transmission Projects.

Detailed description of key rating drivers:

Key strengths

Strong and resourceful parentage providing superior financial flexibility

IRCON was incorporated in 1976 and subsequently granted a Mini Ratna Category-I public sector undertaking (PSU) status in 1998 and has been upgraded to 'Navratna' status in October 2023 by the Department of public enterprises (DPE), Ministry of Finance, where the GoI holds 65.17% equity. IRCON is one of the few entities through which the Ministry of Railways (MoR) has implemented railway projects throughout the country for over four decades and has completed over 400 infrastructure projects in India. The company has diversified into roads, buildings, electrical substation and distribution, airport construction, commercial complexes, and metro segments, but mainly earns its revenue from the railway segment.

ARPPL is among the leading renewable energy developers in the country having an operational capacity of ~2.6 GW and has assets under development of ~1.5 GW as of November 2025. The stated posture of both the sponsors remains strong as reflected by the presence of a sponsor undertaking (from IRPL and ARPPL) for cost overrun in executing the project in proportion of their shareholding.

Part commissioning of additional 400 MW capacity, and the remaining 100 MW capacity expected to be commissioned over next few months

As on September 2025 end, power is being wheeled from 400 MWAC capacity and the balance capacity is expected to become operational in the next few months. The rating is supported by the extension in SCOD by the off-taker to January 30, 2026, against the initial SCOD of September 2024 end and a corresponding extension by the project lender in the repayment schedule. The delay in project execution is attributable to delay in construction of transmission infrastructure by CTUIL. The company's ability to commission the remaining capacity timely will be a key credit monitorable.

Long-term revenue visibility considering long-term PPA with Southwestern Railway

The PPA for entire capacity has been signed under the CPSU scheme Phase -II issued by Ministry of New and Renewable Energy for setting up 12,000 MW grid connected solar power projects with the VGF support. IREDA was entrusted as the nodal agency to invite bids for setting up 5,000 MW under tranche III of phase II of the scheme. IRCON participated in the bid and formed special purpose vehicle (SPV) as a joint venture between IIL and ARPPL in the ratio of 76% and 24%, respectively. Subsequently, IRPL has signed a PPA with Southwestern Railways at a fixed tariff of ₹2.57 per unit (revised from ₹2.45 per unit considering change in law) for a tenor of 25 years which provides long-term revenue visibility for the project.

Key weaknesses

Execution risk considering project being under construction phase

The project is exposed to execution risk considering being under implementation stage at present. However, execution risk is mitigated to an extent as a substantial portion (400 MWAC) of the total capacity is commissioned, and the remaining 100 MWAC is expected to be commissioned in the next few months. The company is presently supplying power under TGNA arrangement at 75% of the PPA tariff.

Leveraged capital structure and exposure to interest rate risks

The company's capital structure is leveraged considering the debt-funded capex incurred for setting up the project. CareEdge Ratings expects TD/EBITDA to remain above 7.0x over the next two years. Given the leveraged capital structure, single-part nature of the fixed tariff in the PPA, and floating interest rates, the profitability remains exposed to increase in interest rates. However, the debt coverage indicators are expected to remain satisfactory as reflected by cumulative DSCR of upwards of 1.15x for the tenor of the term debt.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one-part in nature, the company may book lesser revenues in case of non-generation of power due to variation in weather conditions and/or equipment quality. This would affect its cash flows and debt servicing ability.

Liquidity: Adequate

The liquidity of the company is expected to be adequate given the strong linkages with the promoter group. As of August 2025, the company has free cash balance of ₹62.5 crore. The debt for the remaining portion of the project cost has been tied up at a competitive interest rate, mitigating the funding risk for the project.

Per CareEdge Ratings base case scenario, gross cash accrual (GCA) for FY26 and FY27 is expected to be ₹14 crore and ₹54 crore, respectively, against annual repayment of 46 crore in FY27. There are no repayments in FY26.

Applicable criteria

- [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](#)
- [Project stage companies](#)
- [Infrastructure Sector Ratings](#)
- [Solar Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

IRPL, incorporated on January 13, 2022, is an SPV promoted by IIL and ARPPL in the ratio of 76:24, respectively. The SPV is setting up a 500 MWAC / 600 MWDC solar power photovoltaic (PV) plant in Pavagada, Karnataka. The company has entered a PPA with Southwestern Railway for 25 years from scheduled commissioning date of January 30, 2025, and will supply power from the entire capacity at a fixed tariff of ₹2.57 per unit.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	0.0	18.5
PBILDT	-0.4	16.6
PAT	-0.3	1.0
Overall gearing (times)	2.9	2.4
Interest coverage (times)	NA	6.3

A: Audited UA: Unaudited NA: Not applicable; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	18.50	CARE A; Positive
Non-fund-based - LT-Bank Guarantee		-	-	-	250.00	CARE A; Positive
Non-fund-based - LT-Forward contract/derivative limit		-	-	-	187.00	CARE A; Positive
Term Loan-Long Term		-	-	September 30, 2045	2079.50	CARE A; Positive

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	Term Loan-Long Term	LT	2079.50	CARE A; Positive	-	1)CARE A; Stable (08-Oct-24)	1)CARE A; Stable (20-Sep-23)	-
2	Non-fund-based - LT-Bank Guarantee	LT	250.00	CARE A; Positive	-	1)CARE A; Stable (08-Oct-24)	1)CARE A; Stable (20-Sep-23)	-
3	Fund-based - LT-Working Capital Limits	LT	18.50	CARE A; Positive	-	1)CARE A; Stable (08-Oct-24)	1)CARE A; Stable (20-Sep-23)	-
4	Non-fund-based - LT-Forward contract/derivative limit	LT	187.00	CARE A; Positive	-	1)CARE A; Stable (08-Oct-24)	1)CARE A; Stable (20-Sep-23)	-

LT: Long 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-Working Capital Limits	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple
3	Non-fund-based - LT-Forward contract/derivative limit	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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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