

## Gadag Transmission Limited

January 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	252.37	CARE A- (RWP)	Continues to be on Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating reaffirmation on bank facilities of Gadag Transmission Limited (GTL) factors in stabilisation of transmission line operations with monthly availability largely remaining above the target of 98% since commissioning in September 2024. The company started raising bills for its designated inter-state transmission system (ISTS) customers (DICs) and started receiving payments.

The rating continues to be rating watch with positive implications (RWP), considering that the ReNew group signed a share purchase agreement with IndiGrid Infrastructure Trust, an InvIT backed by KKR, for acquisition of a 100% equity stake in GTL from ReNew Private Limited (RPL, rated CARE A: Stable / CARE A1) at an enterprise value not exceeding ₹372 crore, excluding adjustments related to working capital as outlined in the definitive documents. CARE Ratings Limited (CareEdge Ratings) notes that the transaction is subject to necessary approvals from lenders and regulators. CareEdge Ratings expects the development to have a positive impact on GTL's credit profile, given the change in shareholding to a stronger promoter. However, the extent of impact on GTL's credit profile will be assessed only on materialisation of this transaction, post understanding the support philosophy of the new sponsor. CareEdge Ratings will continue to monitor the developments related to the acquisition and assess the impact on GTL's credit risk profile.

CareEdge Ratings takes note of deterioration in credit profile of the ultimate parent RPL. However, credit rating of GTL remains unchanged owing to stable standalone profile from stabilisation of transmission line operations with monthly availability largely remaining above the target of 98% since commissioning in September 2024.

The rating continues to factor in the strong parentage of the ReNew group, which is one of the leading renewable energy developers in India, with total operational capacity of ~11.6 GW as on September 2025. The stated posture of RPL towards GTL remains strong as reflected by the presence of a limited-period corporate guarantee (CG) and a sponsor shortfall undertaking that remains valid till the full debt tenor. The rating also factors in the presence of a long-term (35 years) transmission service agreement (TSA) with long-term transmission customers (LTTCS) and monthly recoverability of transmission charges subject to normative availability of transmission infrastructure under the point of connection (PoC) mechanism. The disbursement of monthly invoices will be managed by Central Transmission Utility of India Limited (CTUIL), which is a wholly owned subsidiary of Power Grid Corporation of India Limited (PGCIL, rated CARE AAA: Stable / CARE A1+). Apart from this, CareEdge Ratings notes that the ReNew group has divested 49% stake in GTL to KNI India, which is jointly owned by Norfund, a Norwegian investment fund, and KLP, Norway's largest pension company.

However, the rating is constrained by a leveraged capital structure due to debt-funded capex for setting up the project and interest rate fluctuation risk owing to the floating interest rate for the project. Apart from this, CareEdge Ratings factors in operation and maintenance (O&M) risk, as line availability is a key revenue driver for the company.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors:

- Established track record with line availability above normative level (98%) and collection period remaining below 60 days on a sustained basis.
- Faster-than-expected deleveraging of the project.

#### Negative factors:

- Line availability below normative level (98%) leading to under-recovery of stipulated transmission charges on a sustained basis.
- Weakening credit profile of the parent RPL, or change in linkages/support philosophy between the parent towards GTL

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Analytical approach: Standalone plus factoring in parent support**

CareEdge Ratings expects GTL's ultimate parent, RPL to be willing to extend financial support to GTL, should there be a need, given the high strategic importance that GTL has for RPL.

**Outlook:** Not applicable

**Detailed description of key rating drivers:****Key strengths****Strong parentage and operating track record of the ReNew group in renewable energy segment**

RPL is the flagship company and a subsidiary of ReNew Energy Group, which is listed on NASDAQ. The group has experience of over a decade in developing and operating renewable energy projects and is one of the leading renewable energy developers in India. The group is backed by strong investors including Canada Pension Plan Investment Board (CPPIB) and Platinum Hawk C 2019 RSC Limited (backed by ADIA). Presence of strong shareholders provides superior financial flexibility to the group. In the past, the group secured investments from multiple private equity, financial institutions, and pension funds among others, signifying its healthy financial flexibility. The group has ongoing plans to enter in related business verticals module manufacturing, transmission, and green hydrogen among others. Despite the group not possessing an extensive track record of developing ISTS projects, CareEdge Ratings notes that the group has experience of constructing transmission infrastructure (pertaining to connecting projects to the nearest substation) for 4+ GW of organically developed renewable energy assets. As articulated by the company's management, the group has constructed multiple lines having length of ~50-70 ckm.

**Strong business linkages with the promoter group and presence of limited period CG from RPL**

GTL has strong business linkages with the promoter group and is strategically important for the group as this transmission project would aid in evacuating power from RPL's peak power and RTC renewable projects in the Gadag region. The rating derives comfort from explicit support philosophy of RPL towards GTL, which is reflected by the presence of a limited period CG and a sponsor shortfall undertaking that shall remain valid till the full debt tenor.

**Strong revenue visibility for the entire tenor of the TSA**

GTL entered a long-term transmission service agreement (TSA) of 35 years from commercial operations date (COD) with Vena Energy Vidut Private Limited (VEVPL, rated CARE A-; Stable / CARE A2) and ReNew Solar Power Private Limited (RSPPL, rated CARE A; Stable / CARE A1). Per terms of TSA, GTL is eligible for receiving fixed monthly transmission charge irrespective of the actual utilisation of the line by its customers for power transmission provided that the contracted transmission system availability is maintained. Transmission charges have been decided through competitive bidding and are fixed for entire agreement tenor, providing strong revenue visibility for GTL. Transmission charges have already been approved by Central Electricity Regulatory Commission (CERC), mitigating adverse regulatory risk for GTL to an extent.

**Low counterparty credit risk with CTUIL as counterparty**

The company being part of the ISTS network, enjoys stable cash inflows in the form of annuity based fixed monthly charges, provided the line availability is maintained above 98%. The project will also benefit from diversified counterparty risk and strong payment security under the PoC mechanism once the project gets commissioned. Under the PoC mechanism, CTUIL collects monthly transmission charges from ISTS customers, which are distributed to ISTS licensees from the centrally collected pool.

**Key weaknesses****Leveraged capital structure and exposure to interest rates fluctuations**

GTL's capital structure is expected to be leveraged considering debt-funded capex incurred for setting up the project, which requires establishing transmission system including establishment of substation in Gadag area and connecting it with 400 kV line to Narendra (New) area in Karnataka. The company's debt protection metrics remain exposed to adverse movements in interest rates.

**Operation and maintenance risk**

GTL is responsible for operating and maintaining the transmission system for 35 years, starting from COD, exposing GTL to the inherent risk of higher-than-envisaged maintenance cost due to volatility in material and labour prices, as the payment of transmission charge is fixed through-out the TSA tenor. GTL would be required to maintain the system availability over 95% for a billing period (one month) to avoid deduction of penalty from the invoice amount and above 98% to earn incentive on transmission charges, ensuring efficient operation and maintenance activity is crucial for the company.

**Liquidity:** Adequate

The company has adequate liquidity position as reflected by a free cash balance of ₹~10.9 crore as on November 30, 2025. DSRA equivalent to one-quarter of debt servicing (principal and interest payments) was to be created in the form of fixed deposit/ bank guarantee (FD/BG) within one year from COD by September 2025. As articulated by the management, GTL has secured an extension for DSRA creation from the lender given the impending change in ownership considering the ongoing acquisition by IndiGrid.

Going forward, CareEdge Ratings estimates the company to generate adjusted gross cash accruals (GCA) of ₹11.2-12.6 crore from FY26-FY27 against scheduled repayment of ₹11.9-12.8 crore.

**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](#)

[Infrastructure Sector Ratings](#)

[Power – Transmission](#)

**Environmental, social and governance (ESG) risks:** Not applicable

**About the company and industry****Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power – transmission

Incorporated on June 02, 2020, GTL, is a special purpose vehicle (SPV) promoted by RPL through its subsidiary ReNew Transmission Ventures Private Limited (RTVPL, a wholly owned subsidiary of RPL). GTL was set up by REC Power Development and Consulting Limited (RECPDCL) for establishing the transmission system for evacuation of power from renewable energy sources in Gadag (Karnataka; 1,000 MW) on build, own, operate and maintain (BOOM) basis and to provide transmission service to LTTCs for 35 years. RTVPL acquired GTL from RECPDCL after emerging as the successful bidder for development of 400 kV D/C transmission line between Gadag Pooling Station (PS) and Narendra (New) PS and a 2x500 MVA, 400/220 kV pooling station in Gadag district, Karnataka.

Brief Financials (₹ crore)	March 31, 2025 (A)
Total operating income	21
PBILDT*	17
Profit after tax (PAT)	0
Overall gearing (x)	7
Interest coverage (x)	1

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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		-	-	31-03-2040	252.37	CARE A- (RWP)

**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	252.37	CARE A- (RWP)	1)CARE A- (RWP) (11-Dec-25)	1)CARE A- ; Stable (28-Mar-25)	1)CARE A- ; Stable (13-Mar-24)	1)CARE A- ; Stable (14-Dec-22)

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-Term Loan	Simple

**Annexure-5: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-6: List of entities consolidated:** Not applicable

**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.

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