

O2 Renewable Energy VII Private Limited (Revised)

January 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	171.35	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of O2 Renewable Energy VII Private Limited (O2REVII), which is setting up a 19.5 MW AC solar (29.03 MW DC) and 16.2 MW wind power project in Maharashtra, factors in strong parentage of O2REVII, which is part of the JSW Energy Limited (JSWEL) group. JSWEL's credit profile is bolstered by its extensive scale of operations and a well-diversified business portfolio, encompassing thermal, hydro, and renewable power generation, power transmission and trading.

The rating favourably factors in long-term revenue visibility considering presence of power purchase agreements (PPAs) with STT Global Data Centres India Private Limited (STT, rated CARE AA+(Stable)/CARE A1+) at fixed tariff of ₹4.08/unit (Net Realizable Tariff of ₹3.58/unit) for its 19.5 MW AC solar (29.03 MW DC) and 16.2 MW wind power project. The project has been setup under group captive mode with off-taker holding minimum 26% equity stake and procuring minimum 51% energy. The rating also factors in commissioning of 30.3 MW from overall capacity of 35.7 MW, which mitigates execution risk to a large extent. The company has started billing generation from 19.5 MW solar and 8.1 MW wind capacity and payment from off-taker has been timely. The company's liquidity remains satisfactory with presence of one-quarter debt service reserve account (DSRA) in line with sanction terms while additional one quarter DSRA for wind capacity shall be created within 18 months from commercial operations date (COD). Per CareEdge Ratings' base case, projected average debt service coverage ratio (DSCR) for loan tenor is above 1.25x

However, rating strengths are constrained by the project's limited operational track record. The Solar Power Project achieved COD in January 2025, Wind Power Project partially commissioned in August 2025 and December 2025. The company's ability to demonstrate generation in line with P90 plant load factor (PLF) estimates shall be a key rating monitorable. Commissioning remaining 5.4 MW wind power capacity by March 2026 (scheduled COD [SCOD] per loan sanction) shall also be a key rating monitorable. The rating is sensitive to interest rate fluctuation risk, given the floating nature of interest rate for debt and tariff being fixed for PPA tenor. The rating also factors in exposure of the project's cash flows to adverse variations in weather conditions given single part tariff for the project

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Generation performance in line with the P90 estimates on a sustained basis, resulting in improvement in debt coverage metrics and liquidity profile.
- Faster-than-expected deleveraging of the asset.

Negative factors

- Cost and/or time overrun adversely impacting debt coverage indicators of the project.
- Lower-than-ensaged generation or increase in borrowing cost, significantly impacting coverage indicators leading to reduction in DSCR to below 1.15x.
- Adverse change in regulatory environment concerning commercial and industrial (C&I) space.
- Weakening credit profile of ultimate parent company, JSWEL, or adverse change in linkages/support philosophy between JSWEL and O2REVII.

Analytical approach: Standalone, factoring support from the ultimate parent company, JSWEL

CareEdge Ratings has notched up ratings, factoring operational, financial, and managerial support extended by the promoter JSWEL.

Outlook: Stable

Stable outlook factors in presence of long-term PPA with a strong off-taker, generation in line with P90 PLF estimates, timely payment from off-taker and commissioning of remaining wind capacity by March 2026

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

Detailed description of key rating drivers:**Key strengths****Strong parentage of JSWEL**

O2REVII benefits from 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 on November 2025, it had operational generation capacity of 13.2 GW comprising thermal (43%), hydro (12%), Solar (17%) and Wind (28%). It has ~12.5 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.

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

The company is supplying power to STT Global Data Centers (CARE AA+(Stable)/CARE A1+) Per terms of PPA signed for supply of power for 19.5 MW AC solar and 16.2 MW wind capacity at a fixed tariff, for 25 years from COD. This provides long-term revenue visibility to O2REVII. The contracted tariff is at a discount to the state grid tariff rate leading to savings. The lock-in period of 10 years with bank guarantee and presence of termination payment in case of termination during lock-in period provides comfort. Off-takers are required to make payment within 30 days from the date of invoice. The company started billing for 19.5 MW AC solar capacity commissioned in January 2025 and 8.1 MW wind capacity commissioned in August 2025. The payment from off-taker has been timely so far. The remaining 2.1 MW wind capacity was commissioned recently in December 2025. Timely payment from off-taker on a sustained basis shall be a key monitorable

Moderately comfortable debt coverage indicators with stipulation of a DSRA

The door-to-door term loan tenor is elongated, and debt coverage indicators are projected to be moderately comfortable with average DSCR above ~1.25x. There is a tail period of ~3 years between loan maturity in 2047 and PPA expiry in 2050. The company has created DSRA equivalent to one quarter of debt servicing amounting to ₹5.91 crore per sanction terms while additional one quarter DSRA for wind capacity shall be created within 18 months from COD.

Key weaknesses**Execution risk**

The project is in the final stage of completion with 30.3 MW commissioned of overall capacity of 35.7 MW. Remaining 5.4 MW wind capacity is expected to be commissioned in March 2026, in line with SCOD per sanction letter. The company's ability to commission the project without major cost and/or time overrun shall be a key rating monitorable. Financial closure has been achieved with a total sanctioned term loan amount of ₹171.35 crore. The company has incurred 94% of the estimated project cost as on date.

Leveraged capital structure with interest rate risk

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 interest rates for term loan availed by the entity. The total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) stood at 6x-7x in the medium term.

Dependence on favourable climatic conditions

Solar and Wind projects are exposed to inherent risk of weather fluctuations, which affects PLF. As tariffs are one part in nature, the company may book lower revenues from non-generation of power due to variation in weather conditions and/or equipment quality.

Exposure to regulatory risk

O2REVII setup the project under group captive mode and is exposed to regulatory risks owing to changes in open-access charges and banking norms. The risk is mitigated to some extent by passthrough of such charges and losses to off-takers for entire tenor of PPAs. However, in case of upward revision in these charges and losses or adverse change in regulations, landed cost of power for off-takers could increase, which would reduce savings.

Liquidity: Adequate

The company's liquidity is adequate as reflected by free cash and bank equivalents of ₹18.46 crore as on November 21, 2025. Apart from this, the company is also maintaining DSRA, amounting to ₹5.91 crore, equivalent to one quarter of debt servicing obligation. The payment from off-taker is expected to be timely in line with past trends.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Infrastructure Sector Ratings](#)
- [Solar Power Projects](#)
- [Wind Power Projects](#)
- [Factoring Linkages Parent Sub JV Group](#)
- [Project Stage Entities](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

O2REVII is a special purpose vehicle incorporated on August 29, 2022, as a joint venture between O2 Power and STT. The company signed a PPA with for supplying power for 35.65 MW under the captive structure from its 19.5 MW AC / 29.03 MW DC solar energy and 16.2 MW wind energy project in Maharashtra at a fixed tariff of ₹4.08/unit for 25 years.

Brief Financials: Not applicable, since it is a project stage entity

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
Term Loan-Long Term		-	-	31/12/2046	171.35	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	Term Loan-Long Term	LT	171.35	CARE A; Stable				

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	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.

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