June 24, 2025

Vento Power Private Limited: [ICRA]A- (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Term loan	181.00	[ICRA]A- (Stable); assigned
Total	**181.00**	

Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated rating view of the three SPVs - Vento Power Private Limited, JK Petro Energy Private Limited and Ginni Global Private Limited - collectively referred to as the pool, in line with its methodology on rating the co-obligor structures of cash pooling special purpose vehicles (SPVs) that have a defined mechanism for the sharing of surplus cash flow prior to the due date of debt servicing.

The assigned rating on the bank facilities of the pool factors in the 25-year long-term power purchase agreements (PPAs) for the entire solar capacity with a strong counterparty i.e. Solar Energy Corporation of India (SECI: rated [ICRA]AAA (Stable)/ [ICRA]A1+] at a fixed tariff of Rs. 4.43/4.11 for the entire PPA tenor. The pool also has a long-term PPA for 50% of its hydro capacity with Himachal Pradesh State Electricity Board (HPSEB) for a period of 40 years at a tariff of Rs 2.5/unit. For approximately 6.5% of the overall capacity, the pool remains exposed to demand and tariff risks as it sells this power in the open market.

The rating reflects the diversification benefits arising out of a geographically distributed asset base and the surplus sharing mechanism within the pool, which mitigates the cash flow timing mismatches arising due to any region-specific issues like natural calamities or force majeure events. The geographical diversification of the projects across three states i.e. Odisha (53.6 MWp; 68%), Karnataka (13.6MWp; 17%) and Himachal Pradesh (10MW 15%), also lowers the risk arising from changes in regulation, natural calamities or force majeure events in any specific region or state, thus providing visibility on a stable earnings stream to cover the scheduled debt service obligations.

The rating also factors in a satisfactory generation performance of the pool, which improved by around 15% in FY2025 over FY2024 and has remained closer to the P-90 estimates. In the past, one of the solar projects had underperformed for which the management undertook repowering of the solar modules, wherein the installed capacity was increased to 53.6 MWp as of April 2025 from 40 MWp in FY2022. The generation performance of the hydro project also remained lower in FY2024 on account of flash floods in Himachal Pradesh, which damaged the plant and caused a shutdown for 8 months. However, the management has taken steps to restore the plant's operations, and the generation performance has significantly improved in FY2025 and two months of FY2026. Further, the external term loans of the pool have been refinanced at a competitive interest rate and with a long repayment tenure. These steps are expected to improve the revenue and cash flow and lead to healthy debt coverage metrics.

The rating is constrained by the absence of a long-term PPA for 5-MW hydro capacity as the power is being sold in the open market from April 2025. However, ICRA notes that the tariffs have remained healthy in the short-term market over the last couple of years, even as the open capacity exposure gives rise to long-term offtake and tariff-related risks. Further, the entity remains exposed to customer concentration risks due to the weak credit profile of the off taker, Himachal Pradesh State Electricity Board (HPSEB).

The rating is also moderated by the sensitivity of GPPL's cash flows to hydrological risks, as approximately one-fourth of its current operating profit is derived from hydro-based generation. As the revenues and profits are directly tied to the generation levels — which depend on water availability and rainfall — any adverse weather conditions can significantly impact plant operations. This was evident in FY2024, when the operations at the Balsio plant were halted due to regional flooding, affecting the cash flow and coverage metrics. However, the management's commitment to maintaining a liquidity buffer equivalent to six months of debt servicing requirements at the consolidated level provides some comfort.

The rating is also constrained by the sensitivity of the company's debt coverage metrics to variability in generation performance. Variation in weather conditions or underperformance of the solar modules could adversely impact the generation level, thereby affecting the cash flow. The rating is also tempered by the high O&M and other one-time operating costs of the pool due to legacy reasons, thus adversely impacting its profitability. That said, ICRA understands that efforts are underway for implementing various cost reduction measures, such as reducing the O&M expenses and optimising corporate overheads, which are expected to reflect fully in the pool's financials from FY2026.

The Stable outlook on the rating reflects ICRA's opinion that the company will benefit from the stable cash flow from the long-term power purchase agreements for majority of the capacity. Moreover, the measures taken by the management to improve the generation performance and reduce the operating expenses, thereby strengthening the debt coverage metrics commensurate to the rating level, also support the outlook.

Key rating drivers and their description

Credit strengths

Co-obligor structure with surplus sharing mechanism and diversified geographical presence mitigates risks of cash flow timing mismatches - All the three special purpose vehicles (SPVs) have been funded by Axis Bank Limited and are structured as co-obligors. Under this arrangement, the SPVs can share surplus cash among themselves in accordance with the terms of the inter-creditor agreement. This mechanism provides a financial cushion in case any SPV faces challenges in meeting its debt obligations due to factors such as seasonality, abrupt climatic changes, or force majeure events that affect the power generation and, consequently, the cash flow. As the SPVs are geographically diversified across three states, any disruption in one state can be mitigated by support from the other SPVs operating in the unaffected regions. Further, the surplus cash sharing mechanism allows non-defaulting SPVs to offer short-term financial assistance to the stressed entities within the pool, subject to lender approval, thereby supporting a timely debt repayment.

Long-term PPAs with SECI for 87% capacity allay offtake and counterparty credit risk concerns - Of the three SPVs, JK Petro Energy Private Limited and Vento Power Private Limited have entered into long-term power purchase agreements (PPAs) with SECI for 87% of the pool's capacity for a duration of 25 years, starting 2019. These agreements are based on a fixed tariff, effectively mitigating the demand and pricing risks while ensuring revenue predictability. Further, the presence of a strong and credible counterparty like SECI, which has a track record of timely payments, lends stability to the cash flow of the projects.

Healthy generation performance and fixed-tariff PPAs provide long-term revenue visibility - Over the past four years, the hydro project has consistently delivered a robust average plant load factor (PLF) exceeding the design energy benchmark, barring the year of shutdown. The solar portfolio recorded a weighted average PLF of 16.16% in FY2025, close to its P-90 estimate. The PLF levels are expected to improve with the successful completion of repowering. The generation performance increased by around 15% in FY2025 across the portfolio from FY2024, aligning more closely with the P-90 estimates. All the three SPVs have secured PPAs at a weighted average tariff of Rs. 4.04 per unit. The combination of strong generation metrics and favourable tariff rates is expected to ensure a stable cash flow and long-term revenue visibility for the entities.

Comfortable debt coverage metrics – The SPVs have an aggregate term loan of Rs. 278 crore. The residual tenure of the PPA is more than the balance repayment tenure of all the term loans. The debt coverage metrics of the projects are expected to be comfortable, given the healthy tariff rates under the PPAs, the long-term debt tenure and competitive interest rates. An expected reduction in interest rates by the end of June 2025 will further enhance the debt coverage metrics.

Credit challenges

Offtake and tariff risks for Balsio project in the absence of PPA tie-up - GGPL's Balsio plant currently sells power in the merchant power market, exposing it to short-term volume and tariff volatility. While this model offers the potential for higher returns, it also subjects the company to significant offtake and pricing risks over the long term. Given the absence of a long-term PPA and the plant's leveraged capital structure with an extended debt repayment tenure of 18 years, any adverse movement in market tariffs could materially impact the cash flow and remains a key monitorable.

Vulnerable to variable hydrology - The generation performance of the Balsio and Taraila hydro plant remains inherently dependent on rainfall and water availability. Consequently, any adverse weather-related events pose a risk to the operational performance. In FY2024, Balsio plant was non-operational from July to April due to regional flooding, which necessitated a preventive shutdown by the company and resulted in a decline in the PLF. The recurrence of such extreme weather events could adversely impact the generation levels and, in turn, the cash flow profile of the project. Hence, hydrological variability remains a key monitorable from a credit perspective.

Exposure to duration/interest rate risks due fixed nature of PPA tariffs - The pool's cash flow is affected by the variable interest rates on loans, exposing the cash generation to interest rate fluctuations. The company's debt servicing ability may be impacted in case of an increase in interest rates, unless the performance exceeds the base-case generation levels.

Cash flow susceptible to variability in solar irradiance - The company's debt coverage metrics remain exposed to the generation level, given the one-part structure under the PPAs. Hence, any adverse variation in weather conditions and/or module performance may impact the PLF and consequently, the cash flow. As per the PPA terms, every project needs to generate a minimum stipulated power. Hence, any shortfall in the minimum stipulated power could result in penalties equivalent to the shortfall.

Liquidity position: Adequate

The pool's liquidity position remains adequate with expected cash flow from operations of ~ Rs. 21.2 crore against an annual debt repayment obligation of Rs. 18.0 crore in FY2026. Further, the liquidity is supported by free cash and cash equivalent of Rs. 42.8 crore and a DSRA of Rs. 13.38 crore as of May 2025.

Rating sensitivities

Positive factors - The rating can be revised upwards if the generation performance of the pool remains above the appraised estimates. A reduction in operating expenses and timely payments from the offtakers, leading to an improvement in earnings and debt coverage metrics on a sustained basis, will also support an upgrade.

Negative factors - The rating could be under pressure if the generation performance and operating expenses deteriorate at a consolidated level, pulling down the cumulative DSCR below 1.25 times on a sustained basis. The rating can also be downgraded if there is significant delay in realising money from the counterparties, resulting in a stretched liquidity profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Power - Solar](#)
Parent/Group support	Not applicable
Consolidation/Standalone	To arrive at the ratings, ICRA has considered the consolidated financials of the three SPVs of the co-obligor pool due to the defined mechanism for sharing of surplus cash flows prior to due date of debt servicing

About the company

Vento Power Private Limited (VPPL) is owned by Onward Solar Power Private Limited, which is ultimately owned by MPCL Industries Limited. This asset houses a 53.6-MWp solar power plant in Odisha with SECI as an off taker at a tariff of Rs. 4.11 per unit.

About the co-obligor pool

The Co-obligor Pool consists of 3 SPVs Vento Power Private Limited, JK Petro Energy Private Limited and Ginni Global Private Limited) owned by OSPPL, which is ultimately owned by MPCL Industries Limited. These SPVs were established to develop and operate the solar power and hydro power projects across Himachal Pradesh, Karnataka and Odisha. They have an installed capacity of 66.76 MW/ 5MWp with SECI, HPSEB as the major off takers forming 87% and 6.5% respectively of the overall installed capacity for the Co-obligor Pool. Remaining hydro capacity of 5 MW is currently untied, and the power is being sold in the open market

Key financial indicators

Consolidated	FY2023 (Audited)	FY2024 (Audited)	FY2025 (Provisional)
Operating income	57.4	49.1	54.9
PAT	6.41	-15.89	-11.56
OPBDIT/OI	89.1%	81.1%	76%
PAT/OI	11.2%	-32.4%	-21%
Total outside liabilities/Tangible net worth (times)	2.8	2.9	NA
Total debt/OPBDIT (times)	4.6	6.2	5.4
Interest coverage (times)	1.9	1.4	1.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Standalone	FY2023 (Audited)	FY2024 (Audited)	FY2025 (Provisional)
Operating income	23.8	28.8	29.3
PAT	-9.8	-8.1	-14.8
OPBDIT/OI	90.6%	89.8%	90.2%
PAT/OI	-41.3%	-28.2%	-50.6%
Total outside liabilities/Tangible net worth (times)	6.1	9.8	NA
Total debt/OPBDIT (times)	7.6	7.0	5.2
Interest coverage (times)	1.8	1.9	1.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun 24, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	181.00	[ICRA]A-(Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA’s website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loan**	FY2025	NA	FY2040	181.00	[ICRA]A- (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
VENTO POWER PRIVATE LIMITED	100.00%	Full consolidation
JK PETROENERGY PRIVATE LIMITED	100.00%	Full consolidation
GINNI GLOBAL PRIVATE LIMITED	100.00%	Full consolidation

Source: Company

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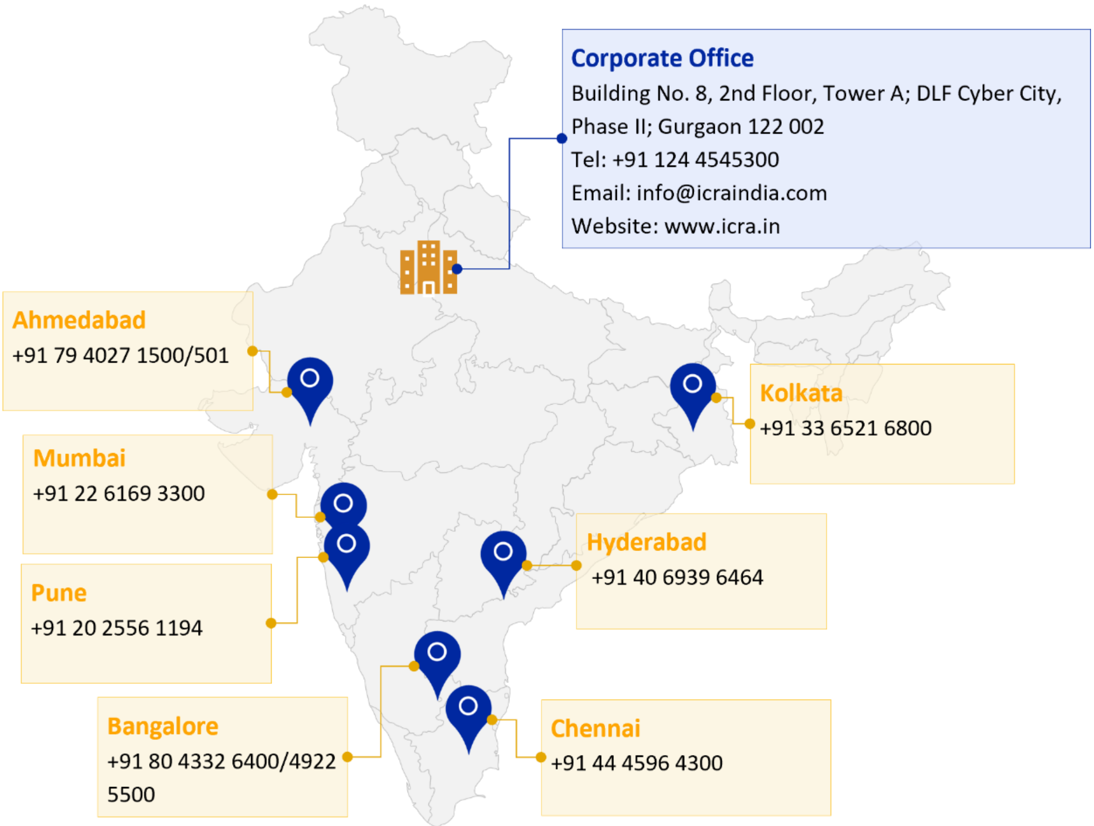

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