

July 10, 2025

Solar Energy Corporation of India Ltd: Ratings reaffirmed; rated amount enhanced for bank loan limits; rating assigned to NCD programme

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Cash credit – Fund based	380.01	805.01	[ICRA]AAA (Stable)/[ICRA]A1+; reaffirmed/assigned
Long term/Short term – Others – Non-fund based	2,019.99	3,119.99	[ICRA]AAA (Stable)/[ICRA]A1+; reaffirmed/assigned
Long term – Term loan – Fund based	1,225.00	1,200.00	[ICRA]AAA (Stable); reaffirmed
Long term/Short term unallocated	675.00	--	--
Non-convertible debentures (NCD)	--	700.00	[ICRA]AAA (Stable); assigned
Total	4,300.00	5,825.00	

*Instrument details are provided in Annexure I

Rationale

ICRA's rating action draws comfort from the strong parentage of Solar Energy Corporation of India Ltd (SECI) with 100% ownership by the Government of India (GoI) and its strategic role in promoting the renewable energy sector in India, which is a thrust area of the Government. ICRA favourably considers the fact that SECI, which signs power purchase agreements (PPAs) with developers, enters into back-to-back power sale agreements (PSAs) with state distribution utilities (discoms) on similar terms, mitigating the risks related to demand, execution and operations. Further, the superior tariff competitiveness of the wind and solar energy projects tied up through SECI is a positive from the discoms' perspective, given that the weighted average tariff for projects for which PSAs have been signed for a capacity of ~60 GW remains at Rs. 2.93 per unit, much lower than the average power purchase cost (APPC) of the discoms.

Further, the ratings continue to factor in the demonstrated ability of SECI to invoke the tripartite agreement (TPA) to realise the overdues from the state-owned discoms. As SECI is one of the beneficiaries of the TPA signed among the Central Government, the state governments and the Reserve Bank of India (RBI), the implementation of TPA ensures that the state-owned discoms honour their PSA tariff commitments in a timely manner. This is reflected in the healthy collection efficiency achieved by SECI over the last five years. ICRA favourably takes note of the company's comfortable financial profile, reflected in its large scale of operations, healthy return metrics and a favourable capital structure with low debt dependence. This was further strengthened by an equity infusion of Rs. 1,000 crore in March 2022 by the GoI, which was used to fund the working capital requirements and the capex on its books.

Nevertheless, the company remains exposed to counterparty credit risks as most of the state-owned discoms have weak financial health, given their higher-than-approved aggregate technical and commercial (AT&C) losses and tariff inadequacy. ICRA further notes that the available payment security fund (PSF) is only restricted to the capacity awarded till Phase II – Batch I, Batch III and Batch IV under the National Solar Mission (NSM). The company expects the PSF to be partially funded through upfront contribution, as per the amended bidding guidelines dated October 2019, from the winning developers for the capacity awarded post this amendment under the inter-state transmission system (ISTS) tranches. Further, SECI has sought the GoI's approval to make the funds in the PSF available for usage across the schemes, which continues to be under consideration.

ICRA notes that the company is setting up multiple renewable projects on its own balance sheet and has tied up long-term PPAs with various state discoms. The company commissioned a 100-MW solar power project with a battery storage capacity of 120 MWh in Chhattisgarh in February 2024. Further, the company is developing a 100-MW floating solar project in Jharkhand and a 25-MW/50 MWh solar-cum-battery storage project in Leh, Ladakh. Additionally, the company is developing a 300-MW (out of the 1,200 MW planned under the CPSU scheme) solar power capacity in Andhra Pradesh. SECI has signed PPAs for the entire under-construction capacities, and the construction risks in these projects remain moderate. The overall capital cost of these under-construction projects is estimated to be about Rs. 2,221 crore, which would be funded through a mix of debt, grant, viability gap funding and internal accruals. This would expose the company to execution risks and increase its leverage level. Nonetheless, comfort can be drawn from the limited gestation period for these projects, tie-up of firm PPAs for these projects and expectations of strong debt coverage metrics for the company. Also, the company is expected to remain net debt negative, given the presence of large cash balances and liquid investments.

The Stable outlook on the [ICRA]AAA rating reflects ICRA's opinion that SECI will continue to benefit from the strong policy focus of the Government on the renewable energy sector, availability of the TPA mechanism, the growing scale of operations and a strong liquidity profile.

Key rating drivers and their description

Credit strengths

Sovereign parentage – SECI is under the administrative control of the Ministry of New & Renewable Energy (MNRE), GoI, as an implementation and facilitation institution dedicated to the renewable energy sector. The GoI has strong policy focus for the renewable energy sector and in that context, SECI remains strategically important for the Government to fulfil its renewable energy sector initiatives/targets.

SECI included in list of CPSU beneficiaries for TPA benefit – Since October 2016, the company has been included as a beneficiary in the TPA, which is signed among the Central Government, the state governments and the RBI. The TPA has currently been signed by all but two states/Union Territories (UTs). The TPA was last invoked by SECI in FY2021 and FY2022 against the Andhra Pradesh (AP) discoms and HESCOM for the recovery of past dues. The inclusion of SECI as a beneficiary of the TPA acts as a key deterrent for the discoms to honour their PSAs. Under the TPA, Central power sector utilities can request the GoI, which in turn can further instruct the RBI to debit the amount due from the state government account held with it and credit the same amount to the account of the GoI/CPSU.

SECI as nodal agency is an intermediary – For its power trading business, SECI is an intermediary that has entered into PPAs with developers as well as PSAs with offtakers, i.e. state-owned distribution utilities. It is entitled to a trading margin of Rs. 0.07/unit, subject to the opening of letter of credit (LC) as payment security, as also notified by the CERC. As the PPAs are signed only after the signing of the PSAs for the contracted capacity, it is largely insulated from market and execution risks. In the event of delays from PSA counterparties/state discoms, the payment security measures available in the PSA such as the availability of LC, TPA and power supply regulation for third-party sale of power provide the mitigating factors to a large extent. Further, the availability of compensation in case of grid back-down/grid unavailability as well as the termination penalty payable by the state discoms in the event of default by discoms under the PSAs provide comfort for the PPAs signed by SECI under ISTS tranches, based on the amended bidding guidelines.

Superior tariff competitiveness favourable for ultimate offtakers; availability of LCs another positive – The superior tariff competitiveness offered by majority of the wind and solar power projects bid by SECI is a positive from the discoms' perspective, given that the weighted average tariff for the discoms for the PSA-signed capacity of ~60 GW is about Rs. 2.93/unit, which is well below the APPC of the state discoms. Further, the MoP had issued guidelines, making it mandatory for the discoms to open and maintain adequate LCs as a payment security mechanism under the PPAs. At present, the LC coverage by discoms is moderate at 68%. Similarly, it is also mandatory for SECI to open LCs for the developers.

Payment security fund for projects under NSM Phase II – The availability of a payment security fund (PSF) for projects awarded under NSM Phase II provides comfort. The PSF was funded through budgetary support from the GoI, penalties recovered from

developers and interest income. The cushion in the PSF has improved over the recent fiscals. However, it may be noted that the PSF does not cover other schemes, except NSM (Phase II Batch I, III and IV). The company is seeking an approval from the GoI regarding the utilisation of the PSF across schemes, which is yet to be approved. This apart, SECI expects the PSF to be partially funded through upfront contribution, as per the amended bidding guidelines dated October 2019, from the winning developers for the awarded capacity under ISTS tranches post this amendment.

Comfortable financial profile – The company has a comfortable financial profile, reflected in its large scale of operations, healthy return metrics, low debt dependence and strong debt protection indicators. While the planned debt-funded capex would increase the company's leverage level, the capital structure and debt coverage metrics are expected to remain comfortable. Moreover, its healthy cash balances have resulted in a strong liquidity position. The equity infusion of Rs. 1,000 crore by the Government of India in March 2022 has strengthened the company's net worth and liquidity.

Credit challenges

Exposure to counterparty credit risk due to weak financial position of most distribution utilities – ICRA takes into account the high counterparty credit risks arising from the exposure to state-owned discoms, most of which have weak financial health. This had earlier resulted in huge payment delays from the state discoms of Andhra Pradesh and Karnataka. Overall, the financial position of the state-owned distribution utilities in many states has remained weak because of the higher-than-approved AT&C losses and tariff inadequacy. Nonetheless, the counterparty credit risk is mitigated largely due to a) superior competitiveness of the PSA tariff, b) payment security mechanism in the PSA and c) high level of diversification in counterparty profile. Further, the TPA acts as a deterrent for payment delays by the state-owned discoms. This is reflected in the healthy collection efficiency achieved by SECI over the past three years and the largely stable debtor days.

Unavailability of PSF (backed by budgetary support) for new schemes – At present, PSF is available only for the capacities tendered under NSM Phase II - Batch I, III and IV. The company does not have funds for the capacities auctioned under standard bidding guidelines (SBG) and will have to either use its internal funds or take external borrowings to meet the shortfall, if any. However, as per the amendments by the MNRE in the solar bidding guidelines in October 2019, developers will have to deposit Rs. 5 lakh per MW, which would be utilised as PSF by SECI. The same is applicable for the solar tenders floated under SBG from Tranche 5, wind Tranche-VIII and hybrid Tranche-III onwards.

Execution risks for projects in development stage – The company is setting up 425 MW of utility scale renewable power projects across Jharkhand, Andhra Pradesh and Ladakh, which are under various stages of development. At present, the company is developing a 100-MW floating solar project in Jharkhand, a 25 MW/50 MWh solar-cum-battery energy storage project in Ladakh, and a 300-MW solar power capacity in Andhra Pradesh under the CPSU scheme. These capacities will be commissioned over the near to medium term. The company remains exposed to execution risks and these projects may increase its leverage levels. The progress on these projects and its impact on the company's leverage level and liquidity would remain a key monitorable.

Liquidity position: Strong

SECI's liquidity profile is strong, supported by expectations of healthy cash flow from operations and the availability of surplus funds, including large free cash balances and cushion available in the payment security fund (PSF). The total cash balances and liquid investments of the company stood at Rs. 4,291 crore as on March 31, 2025. This included Rs. 1,123 crore invested in fixed deposits, and liquid investments of Rs. 3,168 crore pertaining to PSF, performance guarantee deposit (PGD), payment security deposit (PSD) and a wind payment security fund. Out of the liquid investments, company has invested Rs. 1,595 crore in CPSU bonds. The company also has LCs available from discoms, which can be encashed to support the liquidity in case of delays in receiving payments. Moreover, SECI is a party to the TPA, which can be invoked by it in case of prolonged delays in payments by a state government discom.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The ratings could be downgraded in case of significant delays in the receipt of payments from the discoms, adversely impacting the liquidity profile of SECI. Moreover, a material increase in leverage on the books of the company affecting the debt coverage metrics could result in a downgrade. Also, a change in the promoter profile or any change in policy support from the MNRE, GoI, may trigger a rating revision.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent/Group Company: Government of India SECI is strategically important to the GoI, given the latter's strong policy focus on augmenting the renewable energy capacity in the country. SECI has received support from the GoI in the form of periodic equity infusion, payment security fund and its inclusion in the tripartite agreement for the recovery of payments from state discoms
Consolidation/Standalone	Standalone

About the company

Solar Energy Corporation of India Ltd (SECI) is under the administrative control of the MNRE, GoI, and was set up in 2011 as an implementation and facilitation institution dedicated to the renewable energy sector.

- SECI is the renewable energy implementing agency (REIA) for many GoI schemes, such as the commissioned grid-connected solar PV projects under Phase II (Batch I, Batch III and Batch IV) projects, wind and solar power projects connected to ISTS, wind solar hybrid projects, manufacturing-linked solar programme, storage schemes, round-the-clock (RTC)/firm and dispatchable renewable energy (FDRE) schemes, rooftop solar PV programmes, solar parks, CPSU scheme, canal top/bank scheme, solarisation of the India-Pakistan border, etc.
- SECI acts as an offtaker of power under Phase II Batch I/III/IV and wind/solar ISTS/hybrid/RTC/FDRE/manufacturing linked tenders etc (except the first wind ISTS tender where PTC India Ltd is the offtaker) and subsequently sells it to the state discoms under long-term PSAs.
- Under its own projects, SECI operates a 10-MW solar power plant in Jodhpur, a 1-MW solar rooftop project at different locations in Andaman & Nicobar Islands and a 10-MW solar plant in Karnataka. These projects have LT PPA arrangements with state discoms {for the 10-MW solar plant in Karnataka, the offtaker is the Defence Research and Development Organisation (DRDO)}. In February 2024, the SECI commissioned a 100-MW solar project in Chhattisgarh, wherein a long-term PPA with Chhattisgarh State Power Distribution Company Limited (CSPDCL) is in place. In addition, SECI is setting up 425 MW of incremental capacities at Ramagiri (AP), Leh (Ladakh), and Ranchi (Jharkhand). These projects have long-term PPAs with state discoms and will be commissioned over the near to medium term.
- SECI undertakes project management and consultancy-based projects for CPSUs/Government entities looking to set up solar power projects.
- SECI has entered into many 50:50 JVs with various state agencies to develop solar power parks.

Key financial indicators

Audited (Standalone)	FY2024	FY2025*
Operating income	13,035	15,185
PAT	436	502
OPBDIT/OI	4.0%	4.4%
PAT/OI	3.3%	3.3%
Total outside liabilities/Tangible net worth (times)	2.2	2.1
Total debt/OPBDIT (times)	0.6	0.6
Interest coverage (times)	47.5	14.5

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2026)			Chronology of rating history for the past 3 years				
		Type	Amount rated (Rs. crore)			Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023
				July 10, 2025	May 20, 2025	May 08, 2024	Dec 27, 2023	Sep 28, 2023	Jul 19, 2022
1	Unallocated	Long/Short term	--	-	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	-	-	-
2	Non-fund based limits	Long/Short term	3,119.99	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+
3	Cash credit	Long/Short term	805.01	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	-	-	-
4	Cash credit	Long term	0.00	-	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
5	Unallocated	Long term	0.00	-	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-
6	Term loan	Long term	1,200.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-
7.	NCD	Long term	700.00	[ICRA]AAA (Stable)	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund based - Cash credit	Simple

Long term/Short term – Non-fund based limits	Very Simple
Long term - Fund-based – Term loan	Simple
Long term/Short term – Unallocated	NA
Non-convertible debentures	Very Simple*

**subject to the terms at the time of issuance*

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	Long term/Short term – Cash credit – fund based	NA	NA	NA	805.01	[ICRA]AAA (Stable)/[ICRA]A1+
NA	Long term/Short term – Others – Non-fund based	NA	NA	NA	3,119.99	[ICRA]AAA (Stable)/[ICRA]A1+
NA	Long term – Term loan – Fund based	NA	NA	FY2049	1,200.00	[ICRA]AAA (Stable)
NA*	Non-convertible debentures	NA	NA	NA	700.00	[ICRA]AAA (Stable)

Source: Company *yet to be placed

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not applicable

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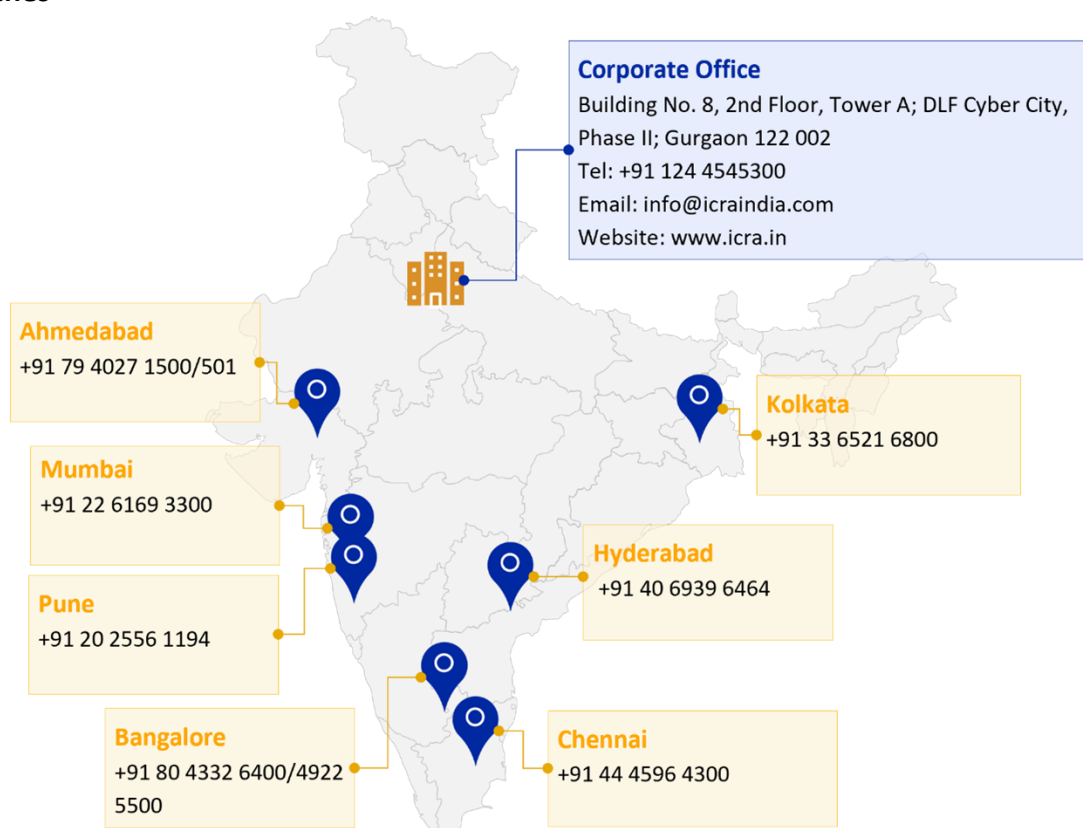


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