

December 18, 2025

Zonrenew Solar Private Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loans	10.20	17.55	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount
Total	10.20	17.55	

*Instrument details are provided in Annexure I

Rationale

The rating for Zonrenew Solar Private Limited (ZSPL) factors in the strengths arising from its parentage, as it is a part of the Cleantech Solar Group, which has reputed sponsors like Keppel Corporation and Shell Plc, an experienced management, an established track record in developing solar power projects and a diversified solar project portfolio of ~1,086 MW tied up with large commercial and industrial customers. The company is expected to benefit from the strengths of the Group, given the cross-default linkages with the parent Cleantech Solar India OA 2 Pte. Ltd. (CSIOA2) and other group special purpose vehicles (SPVs). Recently, Keppel Corporation acquired the remaining ~49% stake from Shell Plc, thereby gaining full ownership of the platform.

Further, the rating favourably factors in the long-term power purchase agreement (PPA) signed by ZSPL with Murugappa Morgan Thermal Ceramics Limited (MMTC), at a fixed tariff under the captive mode, thereby limiting the demand and pricing risks for its 6-MW solar power capacity. The initial 4-MW capacity was fully commissioned on December 5, 2022, and the company subsequently added an incremental 2-MW capacity in May 2025, which is now fully operational. The entire capacity is tied up under a long-term, 15-year PPA with MMTC, ensuring revenue visibility and stability of cash flows. The tariff offered under the PPA is highly competitive in relation to the grid tariff for this customer, and the PPA would enable the customer to meet its sustainability goals. Going forward, the debt metrics are expected to remain adequate, supported by the PPA at a fixed tariff rate and the long tenure of the project debt.

However, the rating is constrained by the vulnerability of the cash flows and debt coverage metrics of the solar power project to the generation performance, given the single-part tariff under the PPA. Any adverse variation in weather conditions or equipment performance or inability to ensure adequate operations and maintenance (O&M) practices for the solar assets would impact generation and, consequently, the cash flows. Demonstration of generation performance in line with or above the P-90 estimate remains a key monitorable for the rating. Herein, comfort is drawn from the healthy generation performance achieved so far, with the PLF remaining above the P-90 estimate. The sustainability of the same continues to be a key monitorable. The company has also commissioned an incremental capacity of 2 MW in May 2025. The debt coverage metrics are expected to remain comfortable, with the cumulative debt service coverage ratio (DSCR) of over 1.3x over the debt tenure.

ICRA also takes note of the sensitivity of the debt coverage metrics to the movement in interest rates, considering the leveraged capital structure and fixed tariffs under the PPA. Further, the company remains exposed to regulatory risks associated with forecasting and scheduling regulations, regulations for captive projects and open-access charges. While the open-access charges are to be paid by the customers under the PPAs, any significant increase in these charges would impact the competitiveness of the tariffs.

The Stable outlook assigned to the long-term rating of ZSPL factors in the steady cash flow visibility, aided by the long-term PPA and timely cash collections expected from the customer.

Key rating drivers and their description

Credit strengths

Strengths of being part of Cleantech Solar Group – ZSPL is part of the Cleantech Solar Group, which in turn is promoted by Keppel Consortium. Recently, Keppel Corporation has acquired the remaining 49% stake from Shell Plc, thereby gaining full ownership of the platform, which benefits from a diversified portfolio of ~1,086 MW across seven countries in South Asia and the presence of strong shareholders, who are focussed on growing their renewable energy portfolio. It is expected to benefit from the strengths of the Group, given the cross-default linkages with the parent, CSA-2, and other group SPVs.

Low offtake risk with presence of long-term PPA with an industrial customer at highly competitive tariff – The solar power capacity under ZSPL has tied up a long-term PPA with MMTC under the captive mode at a fixed tariff, thereby limiting the demand and pricing risks. The PPA includes a provision for termination payments which cover a certain portion of the debt under the SPVs. Further, comfort is drawn from the competitive tariff offered by the project to the customer against the grid tariff rates. Moreover, the PPA would enable the customer to meet its renewable purchase obligations.

Adequate debt coverage metrics and liquidity profile – The debt coverage metrics for ZSPL are expected to be adequate, supported by the PPA at a fixed rate and the long tenure of the debt. Also, the liquidity profile of the company is supported by a debt service reserve account (DSRA) equivalent to two quarters, created upfront from the project cost.

Credit challenges

Vulnerability of cash flows to solar radiation – Given the single-part tariff under the PPA, the revenues and cash flows of the solar power project under ZSPL remain vulnerable to the actual generation, which in turn is exposed to the variability in solar radiation. This risk is amplified by the geographic concentration of the asset. Demonstration of generation in line with or above the appraised estimate on a sustained basis remains a key monitorable.

Exposure to interest rate risk – The interest rates on the term loans availed by the company for its projects are floating and subject to regular reset. Given the fixed tariffs under the PPA and the leveraged capital structure, the debt coverage metrics for the company remained exposed to the movements in interest rates, as seen in the recent past.

Regulatory risks – ZSPL's operations continue to be exposed to regulatory risks pertaining to scheduling and forecasting requirements applicable for solar power projects. However, the risk of variation is relatively low for solar power projects compared to wind power projects. Also, the projects are vulnerable to any revision in policies and regulations for captive projects as well as revision in open-access charges, which could impact the competitiveness of the tariff offered.

Liquidity position: Adequate

The liquidity position of ZSPL is expected to be adequate, with sufficient buffer between cash flows from operations and debt repayment obligation. Moreover, the presence of two quarters of DSRA and timely payments from the customer are anticipated to support the liquidity profile. The company had cash and liquid investments of Rs. 3.38 crore as on October 31, 2025 including DSRA of Rs. 1.42 crore.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company is able to demonstrate a generation performance in line with or higher than the appraised estimate, along with timely payments from the customer, leading to healthy credit metrics. Also, the rating would remain sensitive to the credit profile of other SPVs of the pool and its parent, CSA-2.

Negative factors – Pressure on the rating could arise if the generation performance of ZSPL remains below the appraised estimate on a sustained basis, thereby adversely impacting the debt coverage metrics. Also, delay in payments from

counterparties impacting the liquidity profile of the parent and the pool is another negative trigger. Further, the rating would remain sensitive to the deterioration in the credit profile of other SPVs of the pool and CSA-2. A specific credit metric for downgrade is the cumulative DSCR of the project debt falling below 1.2x.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	<p>The rating assigned factors in the presence of cross-default linkages among a pool of 11 SPVs of the Group - Strongsun Solar Private Limited, Sunflip Solar Private Limited, Sunpound Solar Private Limited, Sunseed Solar Private Limited, Ulric Renewables Private Limited, Sunlock Solar Private Limited, Zonrenew Solar Private Limited, Sunsole Solar Private Limited, Suncloud Solar Private Limited, Sunrange Solar Private Limited and Rihmaze Renewables Private Limited.</p> <p>The rating for the SPV is based on an assessment of the standalone credit profile of ZSPL. A consolidated review of the credit profile of the 11 SPVs is being undertaken, considering the linkages among them and then further notching up the pool rating based on expectations of implicit support from the parent company, CSA-2. The final rating for the bank facilities of ZSPL is arrived at by suitably notching up the standalone rating after duly considering the pool's rating and the linkages between the standalone entity and the pool.</p>
Consolidation/Standalone	Standalone

About the company

Zonrenew Solar Private Limited (ZSPL), incorporated in March 2021, is an SPV promoted by Cleantech India OA 2 Pte. Ltd., Singapore (CSIOA2), which is in turn held by Cleantech Solar Asia 2 Pte Ltd (CSA-2). It owns and operates a 6.0-MW (DC capacity) solar power project in Tamil Nadu. The 4-MW project was fully commissioned on December 05, 2022. The company had commissioned an additional 2-MW solar project in May 2025, which is now fully operational. It has signed a 15-year, long-term PPA with Murugappa Morgan Thermal Ceramics Limited (MMTC) for the projects and has subscribed to the shareholding of the company as required under the group captive regulations.

Key financial indicators (audited)

ZSPL (standalone)	15M FY2024	FY2025
Operating income	3.0	2.3
PAT	0.7	0.2
OPBDIT/OI	86.9%	88.1%
PAT/OI	23.7%	6.8%
Total outside liabilities/Tangible net worth (times)	2.3	1.8
Total debt/OPBDIT (times)	4.6	4.6
Interest coverage (times)	4.9	1.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: 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

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 18, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	17.55	[ICRA]A- (Stable)	Jan 23, 2025	[ICRA]A- (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Term loans	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 loans	May 08, 2023	NA	FY2038	10.20	[ICRA]A- (Stable)
NA	Term loans	September 13, 2024	NA	FY2044	7.35	[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 - Not applicable

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