

January 23, 2025

Sunpound Solar Private Limited: [ICRA]BBB+ (Stable) assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund-based – Term Loans	27.82	[ICRA]BBB+ (Stable); assigned
Total	27.82	

*Instrument details are provided in Annexure-I

Rationale

The proposed rating for Sunpound Solar Private Limited (SPSPL) factors in the strengths arising from the company's parentage, being a part of the Cleantech Solar Group, which has reputed sponsors like Keppel Corporation and Shell Plc, an experienced management, established track record in developing solar power projects and a diversified solar project portfolio of ~1081 MW tied up with large commercial & industrial customers. SPSPL 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) & other group SPVs.

Further, the rating favourably factors in the long-term power purchase agreement (PPA) signed by SPSPL with RPG Lifesciences Limited & Minda Corporation Limited, at a fixed tariff under the captive mode, thereby limiting the demand and pricing risks for its 8 MW solar power project. 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. Further, the rating draws comfort from the comfortable credit profile of RPG & Minda Corp, which is expected to lead to timely realisation of payments for the company. 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 O&M practices for the solar assets would impact generation and consequently the cash flows. Also, demonstration of generational performance by 2.25 MW asset, which is expected to achieve full commissioning by January 2025 remains a key monitorable. Post commissioning, the debt coverage metrics are expected to be adequate with the cumulative debt service coverage ratio (DSCR) over 1.3x over the debt tenure

The rating also takes note of the competitive tariff offered by the SPV and the Group's track record in securing PPAs with large industrial and commercial customers. 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 & 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 SPSPL 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 by virtue of being part of Cleantech Solar Group – SPSPL is part of the Cleantech Solar Group, which in turn is promoted by Keppel Consortium and Shell Plc. The platform benefits from a diversified portfolio of ~1081 MW across seven countries in South Asia and the presence of strong shareholders, who are focused on growing their renewable energy portfolio. SPSPL is expected to receive support from the Group in case of any exigency, 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 project under SPSPL has tied-up a long-term PPA with RPG & Minda Corp 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 for 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.

Timely payments by the customer – SPSPL have tied up PPA with Minda Corporation Limited & RPG Lifesciences Limited. The comfortable credit profile of the customer is expected to result in timely payments, as demonstrated so far.

Adequate debt coverage metrics and comfortable liquidity profile – The debt coverage metrics for SPSPL 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 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 SPSPL 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.

Exposed to interest rate risk – The interest rates on the term loans availed by the company for its projects is 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 – The company's operations remain 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 exposed to any revision in policies & 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 SPSPL is expected to be adequate, with sufficient buffer between cash flows from operations and debt repayment obligation. Moreover, the presence of two quarter DSRA and timely payments from the customer is expected to support the liquidity profile. The company had cash and liquid investments of Rs. 2.12 crore as on October 31, 2024 including DSRA of Rs. 1.92 crore.

Rating sensitivities

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

Negative factors – Negative pressure on the rating could arise if the generation performance of SPSPL remains below the appraised estimate on a sustained basis, thereby adversely impacting the debt coverage metrics. Also, delay in payments from counterparties adversely impacting the liquidity profile of 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 its parent Cleantech Solar Asia 2 Pte. Ltd (CSA-2). A specific credit metric for downgrade is cumulative DSCR on the project debt falling below 1.15x.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar
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, Rihmaze Renewables Private Limited.</p> <p>The rating for the SPV is arrived based on an assessment of the standalone credit profile of the SPSPL. An assessment of the pool's credit profile is being carried out by undertaking a consolidated assessment of the pool of 11 SPVs in view of 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 SPSPL 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

Incorporated in March 2022, Strongsun Solar Private Limited (SPSPL) is a special purpose vehicle (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). SPSPL owns and operates two solar power projects - comprising 5.75 MW and 2.25 MW in Maharashtra. . The first project was fully commissioned on July 01, 2024 (5.75 MW) and second project is expected to be commissioned by January, 2025 (2.25 MW). The company has signed a 25-year & a 20-year long-term power purchase agreement (PPA) with RPG Lifesciences Limited & Minda Corporation Limited respectively. As required under the group captive regulations, the customer has subscribed to the shareholding of the company.

Key financial indicators (audited)

SPSPL Standalone	15M FY2024
Operating income	0.2
PAT	-0.4
OPBDIT/OI	13.7%
PAT/OI	-
Total outside liabilities/Tangible net worth (times)	4.3
Total debt/OPBDIT (times)	-
Interest coverage (times)	0.1

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 (FY2025)				Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	Jan 23, 2025	Date	Rating	Date	Rating	Date	Rating
Term Loans	Long-term	27.82	[ICRA]BBB+ (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	FY2042	27.82	[ICRA]BBB+ (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

ANALYST CONTACTS

Girishkumar Kashiram Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Vikram V

+91 40 6939 6410

vikram.v@icraindia.com

Sumit Jhunhunwala

+91 33 7150 1111

sumit.jhunhunwala@icraindia.com

Prerna Aggarwal

+91 124 4545 380

prerna.aggarwal1@icraindia.com

Soumya Satapathy

+91 33 7150 1100

soumya.satapathy@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.