

February 11, 2025

## Ayana Ananthapuramu Solar Private Limited: Ratings reaffirmed

### Summary of rating action

| Instrument*                        | Previous rated amount<br>(Rs. crore) | Current rated amount<br>(Rs. crore) | Rating action                  |
|------------------------------------|--------------------------------------|-------------------------------------|--------------------------------|
| Long-term – Fund based - Term loan | 922.08                               | 922.08                              | [ICRA]AA- (Stable); reaffirmed |
| Short-term – Non-fund based        | 15.00                                | 15.00                               | [ICRA]A1+; reaffirmed          |
| Long-term – Unallocated            | 32.92                                | 32.92                               | [ICRA]AA- (Stable); reaffirmed |
| <b>Total</b>                       | <b>970.00</b>                        | <b>970.00</b>                       |                                |

\*Instrument details are provided in Annexure I

### Rationale

The ratings reaffirmation of Ayana Ananthapuramu Solar Private Limited (AASPL) factors in the managerial and financial support from a strong parent, Ayana Renewable Power Private Limited {ARPPL; rated [ICRA]AA- (Stable)/[ICRA]A1+}. ARPPL's credit profile is supported by its superior financial flexibility from having strong sponsors. The sponsors - National Investment and Infrastructure Fund Limited (NIIF), British International Investment (BII; erstwhile CDC Group Plc) and EverSource Capital through its fund Green Growth Equity Fund (GGEF) - have made a capital commitment of \$721 million in the company. ICRA notes that NIIF holds 51% in ARPPL, with significant equity commitment from its master fund. As of October 2024, the shareholders have infused ~Rs. 3,750 crore in the platform.

The ratings continue to consider the operational track record of more than three years and the satisfactory generation performance for the 250-MW solar power capacity commissioned by AASPL in March 2021. The PLF performance in FY2024 stood at 26.86% higher compared to 26.17% in FY2023. However, the generation performance in 9M FY2025 was lower than 9M FY2024, primarily due to heavy monsoon and lower solar irradiation in the region, impacting the overall performance during this period. The ratings continue to take comfort from the revenue visibility for the company because of the long-term (25-year) power purchase agreement (PPA) with NTPC Limited (NTPC; [ICRA]AAA (Stable)/[ICRA]A1+) at a fixed tariff rate of Rs. 2.73 per unit. NTPC, being an intermediary counterparty, has in turn signed a power supply agreement (PSA) with the state-owned distribution utilities in Andhra Pradesh, which are the ultimate offtakers. The ratings positively consider the tariff competitiveness offered by AASPL for the ultimate offtakers. Moreover, the payment security mechanism in the PPA/PSA arrangement is relatively superior to the state policy PPAs because of the benefits available to NTPC under the tripartite agreement (TPA) with the Government of India (GoI), the Reserve Bank of India (RBI) and the state government. A strong intermediate counterparty like NTPC has led to timely realisation of payments.

The company has a sanctioned top-up debt of Rs. 183 crore as on November 2023, of which only Rs. 60 crores is drawn by the company till date and the same will be used for upstreaming to the parent after disbursement. While there is a moderation expected in the debt coverage metrics of the company in view of the additional debt availed, they are expected to be satisfactory over the debt repayment tenure with a cumulative DSCR on project debt of 1.2-1.25x, resulting from long tenure of the debt and competitive interest rate. ICRA also takes note of the proposed merger of AASPL into its parent company (ARPPL). This is expected to be a credit neutral event for the company.

The rating are, however, constrained by the vulnerability of AASPL's cash flows and debt protection metrics to its generation performance. Any adverse variation in weather conditions and module performance may impact the PLF levels and consequently affect the cash flows. This is amplified by the geographic concentration of the asset, with the entire capacity

located at a single site in Andhra Pradesh. ICRA takes note of the exposure of the debt coverage metrics to the interest rate movements, given the leveraged capital structure and fixed tariff. Further, AASPL's operations remain exposed to the regulatory risks pertaining to scheduling and forecasting requirements for solar energy projects.

The Stable outlook on the [ICRA]AA- rating of AASPL reflects ICRA's opinion that the company would benefit from the long-term PPA with a strong counterparty. Also, expectations of a satisfactory generation performance and the benefits as part of the Ayana Group support the outlook.

## Key rating drivers and their description

### Credit strengths

**AASPL is part of Ayana platform that has large capital commitments from strong sponsors** - The company is a subsidiary of ARPPL. The Ayana Group is backed by NIIF (51%), BII (32%) and GGEF (17%). NIIF is anchored by the Government of India (GoI) in collaboration with leading global and domestic institutional investors and is India's first sovereign investment fund. The full ownership of the BII belongs to the Secretary of State for International Development, which is controlled by the UK Government. Eversource Capital, a joint venture between Everstone Capital and Lightsource BP, is the fund manager of GGEF, a target private fund, which has NIIF and the UK Government as the anchor investors. All the three shareholders have committed a capital of \$721 million. ICRA notes that NIIF holds 51% in ARPPL, with significant equity commitment from its master fund. As of October 2024, the shareholders have infused ~Rs. 3,750 crore in the platform. AASPL enjoys strong managerial and financial support, being part of the Ayana platform.

**Revenue visibility due to long-term PPA with NTPC and PSAs with distribution utilities in Andhra Pradesh** - The long-term (25-year) PPA with NTPC at a competitive tariff of Rs. 2.73 per unit for the entire duration of the project provides healthy revenue visibility for AASPL. NTPC is an intermediary counterparty and has signed PSAs with the state-owned distribution utilities in Andhra Pradesh, which are the ultimate offtakers. The ratings further positively consider the cost competitiveness of the tariff offered by the project to the ultimate offtakers.

**Presence of a strong counterparty likely to lead to timely payments** - The presence of a strong intermediate counterparty like the NTPC has led to timely realisation of payments under the PPA. Moreover, the payment security mechanism in PPA/PSA arrangements is relatively superior to state PPAs because of the benefits available to NTPC under the TPA with the GoI, the RBI and the state government. Further, the additional provisions in the PPA/PSA for compensation in case of grid curtailment, the eligibility criterion for renewable power purchase obligation compliance and termination liability in the event of default by the offtaker provide comfort.

**Satisfactory debt coverage metrics** - While the top-up debt availed by AASPL as part of the recent refinancing of its external debt is expected to moderate the debt coverage metrics, they are expected to be satisfactory over the debt repayment tenure with a cumulative DSCR of 1.2-1.25x, supported by the long-term PPA, long tenure of project debt and competitive interest rate. A significant portion of the promoter contribution for the project is in the form of debt, which remains subordinated to the project debt and subject to restricted payment conditions stipulated by the lender.

### Credit challenges

**Vulnerability of cash flows to variation in weather conditions** - The debt metrics for the solar power project of AASPL remain sensitive to the generation level, given the one-part tariff structure under the PPA. Hence, any adverse variation in weather conditions and/or module performance may impact the PLF and consequently the cash flows. The geographic concentration of the asset amplifies the generation risk. Nonetheless, the sourcing of PV modules from tier-I suppliers and the presence of an experienced O&M contractor provide comfort. The PLF performance in FY2024 stood at 26.86% higher compared to 26.17% in FY2023. However, the generation performance in 9M FY2025 was lower than 9M FY2024, primarily due to heavy monsoon and lower solar irradiation in the region, impacting the overall performance during this period. Going forward, the ability of

AASPL to ensure satisfactory operational performance in line with the expected PLF (P-90) level remains important from a credit perspective.

**Exposure to interest rate risk** - The capital structure of the company is leveraged and given the single-part nature of the fixed tariff in the PPA and floating interest rates, its profitability and debt coverage metrics remain exposed to any increase in interest rates.

**Regulatory risks of implementing scheduling and forecasting framework for solar sector** - The company's operations remain exposed to regulatory risks pertaining to scheduling and forecasting requirements applicable for solar power projects, given the variable nature of solar power generation.

### Liquidity position: Strong

The liquidity profile of the company is expected to remain strong, supported by healthy buffer between the cash flow from operations and the debt service obligations, with the company expected to generate free cash flows of Rs. 50-55 crore (before debt repayments) against which debt repayment obligation is of Rs. 33 crore in FY2026. Further, comfort is drawn from the presence of one-quarter DSRA in the form of bank guarantee and unencumbered cash balances of Rs.22.32 crore as of January 2025. ICRA also factors in the strengths arising by this asset being a part of the Ayana Group, which remains committed to support the operations in case of a cash flow mismatch.

### Rating sensitivities

**Positive factors** – ICRA could upgrade AASPL's ratings, if there is a demonstrated track record of generation performance in line or above the appraised P90 PLF estimate along with timely payments from the offtaker on a sustained basis, strengthening the debt coverage metrics. Also, AASPL's ratings would remain sensitive to the credit profile of its parent, ARPPL.

**Negative factors** – The ratings could be downgraded, if the actual generation remains significantly lower than P-90 estimates consistently, lowering the cumulative DSCR to below 1.20 times. Further, the ratings can be downgraded, if delays in receiving payments from the offtaker adversely impact the liquidity profile of the company. Also, AASPL's rating would remain sensitive to the credit profile of its parent, ARPPL.

### Analytical approach

| Analytical approach             | Comments  |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology Power - Solar</a>   |
| Parent/Group support            | ICRA expects AASPL's parent, ARPPL, to be willing to extend financial support to AASPL, should there be a need, given the high strategic importance that AASPL has for ARPPL. |
| Consolidation/Standalone        | The ratings are based on the standalone financial profile of the rated entity   |

### About the company

AASPL is a 100% subsidiary of ARPPL and is operating a 250-MW solar power project in Anantapur, Andhra Pradesh. The capacity was won through an auction conducted by NTPC and the winning tariff for the company for the entire project duration of 25 years is Rs. 2.73 per unit. The full capacity got commissioned on March 8, 2021.

### Key financial indicators (audited)

| AASPL Standalone                                     | FY2023 | FY2024 |
|--|--------|--------|
| Operating income (Rs. crore)                         | 206.13 | 156.47 |
| PAT (Rs. crore)                                      | 55.99  | 6.54   |
| OPBDIT/OI (%)  | 82.17% | 81.35% |
| PAT/OI (%)   | 27.16% | 4.18%  |
| Total outside liabilities/Tangible net worth (times) | 10.06  | 8.24   |
| Total debt/OPBDIT (times)                            | 5.71   | 6.87   |
| Interest coverage (times)                            | 2.30   | 1.73   |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts 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

| Instrument               | Type       | Current (FY2025)         |                    | Chronology of rating history for the past 3 years |                    |              |                    |              |                   |
|--------------------------|------------|--------------------------|--------------------|---|--------------------|--------------|--------------------|--------------|-------------------|
|                          |            | Amount rated (Rs. crore) | Feb 11, 2025       | FY2024  |                    | FY2023       |                    | FY2022       |                   |
|                          |            |                          |                    | Date  | Rating             | Date         | Rating             | Date         | Rating            |
| 1 Term Loan              | Long-Term  | 922.08                   | [ICRA]AA- (Stable) | Jan 11, 2024                                      | [ICRA]AA- (Stable) | Mar 06, 2023 | [ICRA]AA- (Stable) | Jun 15, 2021 | [ICRA]A+ (Stable) |
|                          |            |                          | -                  | -   | -                  | Sep 22, 2022 | [ICRA]AA- (Stable) | -            | -                 |
| 2 Working Capital Limits | Long-Term  | -                        | -                  | -   | -                  | -            | -                  | Jun 15, 2021 | [ICRA]A+ (Stable) |
| 3 Non-fund based         | Long-Term  | -                        | -                  | -   | -                  | Mar 06, 2023 | [ICRA]AA- (Stable) | -            | -                 |
| 4 Unallocated            | Long-Term  | 32.92                    | [ICRA]AA- (Stable) | Jan 11, 2024                                      | [ICRA]AA- (Stable) | Mar 06, 2023 | [ICRA]AA- (Stable) | -            | -                 |
|                          |            |                          | -                  | -   | -                  | Sep 22, 2022 | [ICRA]AA- (Stable) | -            | -                 |
| 5 Non-fund based         | Short-Term | 15.00                    | [ICRA]A1+          | Jan 11, 2024                                      | [ICRA]A1+          | -            | -                  | -            | -                 |

### Complexity level of the rated instruments

| Instrument                | Complexity indicator |
|---------------------------|----------------------|
| Term Loan                 | Simple               |
| Short-term Non-fund based | Very Simple          |
| Unallocated               | Not Applicable       |

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   | <b>Term Loan</b>      | Nov 2023         | -           | FY2042   | 922.08                   | [ICRA]AA- (Stable)         |
| NA   | <b>Non-fund based</b> | -                | -           | -        | 15.00                    | [ICRA]A1+                  |
| NA   | <b>Unallocated</b>    | -                | -           | -        | 32.92                    | [ICRA]AA- (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 Kadam**

+91 22 6114 3441

[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Vikram V**

+91 40 6939 6410

[vikram.v@icraindia.com](mailto:vikram.v@icraindia.com)

**Rachit Mehta**

+91 22 6169 3328

[rachit.mehta2@icraindia.com](mailto:rachit.mehta2@icraindia.com)

**Menka Sabnani**

+91 79 6923 3003

[menka.sabnani@icraindia.com](mailto:menka.sabnani@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

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

[info@icraindia.com](mailto: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](http://www.icra.in)

## ICRA Limited



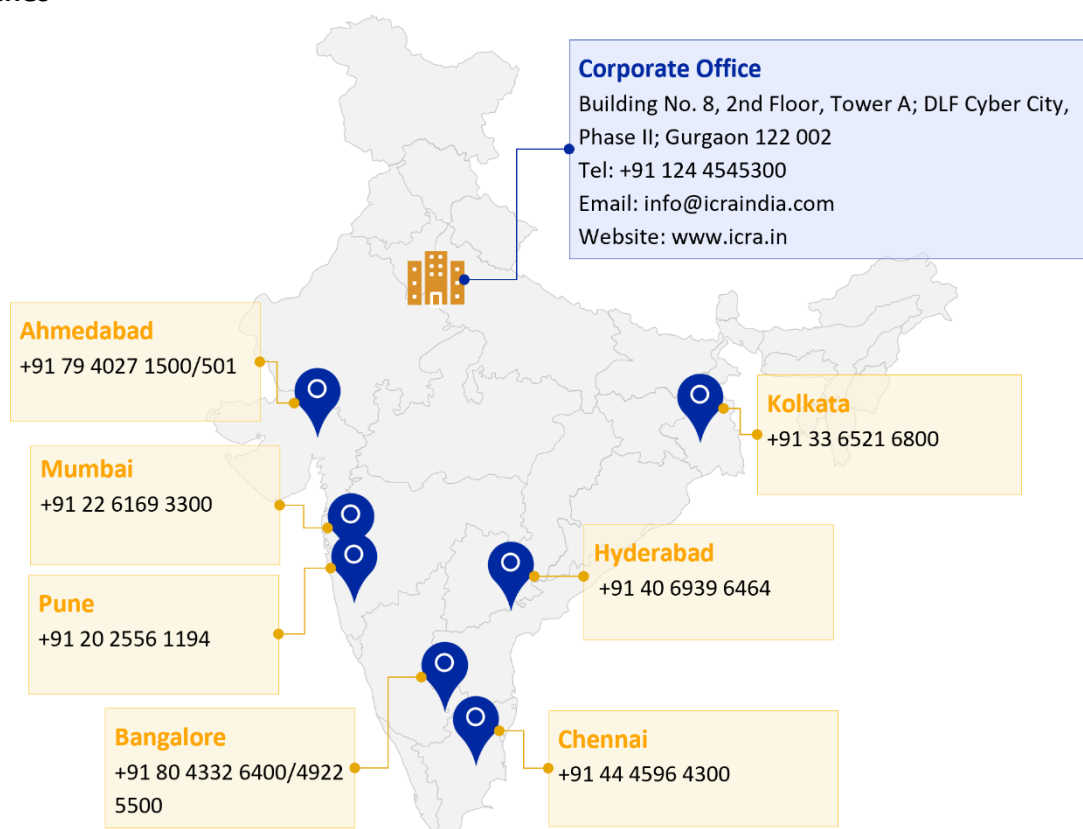
### Registered Office

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](http://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.