April 03, 2025

Sorion 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 loan	15.67	22.57	[ICRA]A- (Stable); reaffirmed; assigned for enhanced amount
Total	**15.67**	**22.57**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation for Sorion Solar Private Limited (SSPL) 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 ~1,081 MW tied up with large commercial & industrial customers. The capacity under the holding company Cleantech India OA Pte Limited stands at ~374 MW with the entire capacity being operational.

Further, the rating favourably factors in the long-term power purchase agreement (PPA) signed by SSPL with Galaxy Surfactants Limited (GSL), at a fixed tariff under the captive mode, thereby limiting the demand and pricing risks for its 7.45 MW solar power projects. 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 strong credit profile of GSL, 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. Herein, comfort is drawn from the healthy generation performance achieved so far for 5.6 MW capacity operational since August 2021, with the PLF remaining above the P90 estimate. The balance capacity of 1.85 MW was recently commissioned in December 2024. Thus, demonstration of generation performance in line with, or above the P90 estimate remains a key monitorable.

ICRA notes that the termination payments under the PPA do not cover for the entire debt outstanding. Nonetheless, comfort can be drawn from 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 SSPL 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 – SSPL 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 ~1,081 MW across seven countries in South Asia and the presence of strong shareholders, who are focused on growing their renewable energy portfolio. USPL is expected to benefit from the strengths of the Group, given the cross-default linkages with the parent, Cleantech India OA Pte. Ltd. (CIOA), and other group SPVs

Low offtake risk with presence of long-term PPA with a industrial customer at highly competitive tariff – The solar projects under SSPL has tied-up a long-term PPA with GSL 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 tariffs 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.

Strong credit profile of the customer – The presence of a strong counterparty like, GSL, is expected to result in timely payments, as demonstrated so far.

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

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 SSPL 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. While comfort is drawn from the performance so far, demonstration of generation in line with 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 annual 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 and open access charges, which could impact the competitiveness of the tariff offered.

Liquidity position: Adequate

The liquidity position of SSPL is expected to be adequate, with sufficient buffer between cash flows from operations and the debt repayment obligation. Moreover, the presence of two quarter DSRA and timely payments from the customer is expected to support the liquidity position. The company had cash and liquid investments of Rs. 2.90 crore as on December 31, 2024, including DSRA of Rs. 1.50 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 its parent, CIOA.

Negative factors – Negative pressure on the rating could arise if the generation performance of SSPL 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 credit profile of its parent, CIOA. 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	The rating assigned to SSPL factors in the implicit support from holding company, CIOA, with support expected to be forthcoming in case of any cash flow mismatch, given the cross-default linkages with CIOA and other SPVs of the group.
Consolidation/Standalone	Standalone

About the company

SSPL is a subsidiary of CIOA, Singapore, wherein CIOA holds a 71.51% stake and the remaining 28.49% is held by the sole customer, Galaxy Surfactants Limited. CIOA is a 100% subsidiary of Cleantech Solar Asia Pte. Ltd. (CSA), which in turn is 75.5% owned by Keppel consortium and 24.5% by Shell. CSA has a solar power portfolio of ~1,081 MW across India, Thailand, Malaysia, Cambodia, Indonesia, Vietnam and Singapore.

SSPL owns and operates a 5.6 MW (DC capacity) solar power project in the Beed district of Maharashtra, commissioned on August 1, 2021. The company has signed a 25-year long-term PPA with Galaxy Surfactants Limited. The company added another 1.85-MW solar project, which is currently operational. As required under the group captive regulations, the customer has subscribed to the shareholding of the company.

Key financial indicators (audited)

SSPL Standalone	CY2022	15M FY2024
Operating income	3.1	4.1
PAT	0.0024	0.6
OPBDIT/OI	82.7%	85.4%
PAT/OI	0.1%	13.8%
Total outside liabilities/Tangible net worth (times)	2.9	2.4
Total debt/OPBDIT (times)	5.8	4.8
Interest coverage (times)	1.5	1.8

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Note: SSPL shifted its financial reporting from calendar year to financial year in the latest completed fiscal year. As a result, the company is reporting 15M financials for FY2024.

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)	Apr 03, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	22.57	[ICRA]A- (Stable)	Sep-27-24	[ICRA]A- (Stable)	Jun-30-23	[ICRA]A- (Stable)	Jun-06-22	[ICRA]A- (CE) (Stable)
								Sep-23-22	[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**	Nov 2021	NA	FY2037	15.67	[ICRA]A- (Stable)
NA	**Term loan**	NA	NA	FY2045	6.90	[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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