May 14, 2025

CSE Development (India) Private Limited: Ratings reaffirmed and assigned for Long Term Limits and [ICRA]A3+(CE) assigned for short term limits

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Others	120.00	45.00	[ICRA]BBB (CE) (Stable); reaffirmed
Short term—Fund-based – Others	-	80.00	[ICRA]A3+(CE); assigned
Short term – Non-fund based - Letter of credit	-	200.00	[ICRA]A3+ (CE); assigned
Long term/Short term – Non-fund based - Interchangeable limits – Bank guarantee	-	(50.00)	[ICRA]BBB(CE)(Stable)/[ICRA]A3+ (CE); assigned
Long term/Short term –Fund-Based - Interchangeable limits – Other	-	(1.00)	[ICRA]BBB(CE)(Stable)/[ICRA]A3+ (CE); assigned
Total	**120.00**	**325.00**	

Rating without explicit credit enhancement	[ICRA]BBB-

**Instrument details are provided in Annexure I*

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

For the [ICRA]BBB(CE)(Stable)/[ICRA]A3+(CE) rating

The ratings are based on the strength of an unconditional and irrevocable corporate guarantee provided by Cleantech Solar Asia 2 Pte. Ltd. (CSA 2) for the rated bank facilities. The Stable outlook on this rating reflects ICRA's outlook on the credit profile of the guarantor, CSA 2.

CSA 2 is a wholly-owned subsidiary of Cleantech Renewable Assets Pte. Ltd., which in turn is 51% owned by the Keppel Consortium and 49% by Shell Singapore Pte. Ltd. The renewable portfolio of the Cleantech Group in India and Southeast Asia is managed under two holding entities – Cleantech Solar Asia Pte Limited (CSA) and Cleantech Solar Asia 2 Pte Limited (CSA 2). CSA has an operational renewable portfolio of 637 MW, with majority of the assets being operational. CSA 2 has a portfolio of 442.2 MW, wherein the operational capacity is 245.6 MW and the balance is under construction. This capacity is being developed under various subsidiaries of CSA 2 and the entire capacity is expected to be operational in FY2026. The company has achieved financial closure for most of the under-construction capacity and equity funding has been tied up, thus mitigating the funding risk to an extent.

The solar power projects under CSA 2 are spread across multiple locations in Tamil Nadu, Maharashtra and Karnataka, leading to geographical diversification and partly insulating against the PLF variations. Also, the presence of a diversified customer profile provides comfort against counterparty credit risks. The assigned ratings favourably factor in the long-term power purchase agreements (PPAs) for the solar and wind power portfolio with industrial customers at largely fixed tariffs under the captive mode, thereby limiting the demand and pricing risks. Further, the ratings draw comfort from the strong credit profile of these customers, which is expected to lead to timely realisation of payments for the projects. The ratings also factor in the benefits of the Cleantech Solar Group's experience in developing and operating solar power projects for commercial and industrial customers in India and South-East Asia along with the presence of strong shareholders like Shell and Keppel.

However, the ratings are constrained by the vulnerability of the cash flows and debt coverage metrics of the renewable power projects to their generation performance, given the single-part tariff under the PPAs. Any adverse variation in weather conditions or inability to ensure adequate O&M practices for the solar and wind assets would impact the generation and consequently the cash flow. A demonstration of generation performance in line or above the appraised estimate remains a key monitorable, given the limited track record of the portfolio. Further, as 45% of the portfolio is under construction, the commissioning and stabilisation of these assets in a timely manner and demonstration of the designed generation performance remains important. Further, the open access-based capacity in the portfolio remains exposed to the regulatory risks of implementing the forecasting & scheduling regulations and revision in regulations for captive projects and open access charges.

Adequacy of credit enhancement

For assigning the rating, ICRA has assessed the attributes of the guarantee issued by CSA 2 in favour of the rated instruments of CDIPL. The guarantee is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument and has a well-defined payment and invocation mechanism, although the same is post default in nature. Given these attributes, the guarantee provided by CSA 2 is adequately strong to result in an enhancement of the rating of the said instrument to [ICRA]BBB(CE) against the rating of [ICRA]BBB- without explicit credit enhancement. In case the rating of the guarantor or the unsupported rating of CDIPL is to undergo a change in future, it would have a bearing on the rating of the aforesaid facility as well. Further, the rating of this instrument may undergo a change in a scenario, whereby in ICRA's assessment there is a change in the strength of the business linkages between the guarantor and the rated entity, or there is a change in the reputation sensitivity of the guarantor to a default by the rated entity, or there is a change in the strategic importance of the rated entity for the guarantor.

For the [ICRA]BBB- rating

The rating of CDIPL factors in the strengths arising from the company's parentage, being a part of the Cleantech Solar Group, which has reputed sponsors like Keppel and Shell, an experienced management, an established track record in developing solar power projects and a diversified solar project portfolio tied up with large commercial & industrial customers. CDIPL is involved in the procurement of modules and wind turbine generators (WTG) along with the operation and maintenance of the India portfolio; the company also develops evacuation infrastructure for the renewable projects of the Group. While the execution remained slow in CY2022, it improved in 15M FY2024[1] and FY2025 with an annual capacity execution of 200-300 MW. In addition, the execution is expected to remain healthy with annual capacity addition of 250-300 MW which is likely to increase CDIPL's scale of operations and generate trading (including development fees) as well as O&M revenue.

While CDIPL's revenue increased to Rs. 568 crore in 15M FY2024 and ~Rs. 463 in 9M FY2025 compared to ~Rs. 377 crore in CY2022, the OPBDITA remained negative during this period due to high employee costs and other overhead expenses. While the OPBDITA losses are likely to moderate, going forward, a sustained improvement in profitability will depend on a significant increase in the operational portfolio, resulting in higher O&M income and better absorption of overhead costs. Nonetheless, ICRA notes that the loan availed by CDIPL is being used as bridge financing to develop the renewable power projects under the subsidiaries of CSA 2. This debt shall be repaid by drawing the project debt at the special purpose vehicle (SPV) level. In this context, a timely progress in the execution of the project would remain critical.

[1] Financial reporting year revised from CY to FY (Jan-Mar)

Salient covenants of the rated facility

- On a standalone basis, fund-based external debt/(equity + quasi equity + unsecured loans from promoter group) should be below 1.5x
- Additionally, TOL/ATNW should not exceed 1.5x at all times during the currency of the bank facilities. Any debt support from the promoter and/or any entities of the promoter group to be subordinated to the facility
- Guarantor shall ensure that the borrower complies with all terms and conditions forming part of the lender's sanction at all times during the currency of the facility.

Key rating drivers and their description

Credit strengths

Corporate guarantee from CSA 2 towards bank facilities of CDIPL - The ratings derive comfort from the irrevocable and unconditional corporate guarantee extended by CSA 2. The corporate guarantee is legally enforceable, covers the entire amount and tenor of the rated instrument and has a well-defined invocation and post default payment mechanism.

Strengths of being part of Cleantech Solar Group - CDIPL is a part of the Cleantech Solar Group, which in turn is promoted by the Keppel Consortium and Shell Plc. CDIPL is expected to benefit from the presence of strong sponsors, who are focused on growing their renewable energy portfolio, and the established track record of the Cleantech Solar Group.

Credit profile of CSA 2 supported by long-term PPAs for its solar power portfolio - The solar projects under the SPVs of CSA 2 have tied up long-term PPAs with C&I customers under the captive mode at a fixed tariff, thereby limiting the demand and pricing risks. Further, comfort is drawn from the competitive tariff offered by the project to the customers against the grid tariff rates.

Credit challenges

Weak profitability indicators for CDIPL; however, the debt servicing is being done through raising project debt by subsidiaries of CSA 2 - CDIPL is expected to report operating losses in FY2025, reflected in OPBDITA losses of Rs. 13.5 crore in 9M FY2025 (provisional) owing to high employee cost and other overhead expenses. While the OPBDITA losses are likely to moderate, going forward, a sustained improvement in profitability is linked to a significant increase in the operational portfolio, resulting in higher O&M income and better absorption of overhead costs. Nonetheless, ICRA notes that CDIPL's debt servicing obligations are being met through a structured cash flow management from the project-level debt raised by the subsidiaries of CSA 2. Consequently, the cash flow fungibility within the Group provides comfort despite weak standalone profitability.

Credit profile of CSA 2 exposed to execution risks and generation performance of renewable power projects - The cash flow of renewable power projects is sensitive to the plant load factor (PLF), which depends entirely on wind and solar patterns that are inherently unpredictable. This could impact the cash flow generation, thereby affecting the debt servicing ability. Further, 45% of the existing portfolio is under construction, which exposes the company to execution risks.

Vulnerable to delays in achieving financial closure for under-construction projects - The Group has achieved financial closure for most of the under-construction capacity under CSA 2 and equity funding has been tied up, mitigating the funding risk to an extent. However, any delays in securing financial closure for the remaining under-development projects could impact the Group's liquidity profile and in turn the debt repayment of the bridge loan availed under CDIPL.

Liquidity position: Adequate

For the [ICRA]BBB(CE)(Stable) rating: Adequate

The liquidity position of CSA 2 is expected to be adequate, with equity funding in place for the ongoing projects and debt tied up for majority of the projects under its subsidiaries. Also, the liquidity position is supported by the timely fund infusion from the sponsors - Keppel and Shell. CSA2 has cash and liquid investments of ~Rs. 71 crore as on March 31, 2025.

For the [ICRA]BBB- rating: Adequate

The liquidity position of CDIPL is expected to be adequate in the near term. While the cash flow from operations is likely to remain negative, the repayment of the rated debt facility is primarily linked to the financial closure and disbursement of debt funding for the SPVs of CSA 2. Therefore, the advance progress made in achieving financial tie-up for the under-construction projects of CSA 2 provides some comfort. The funding support from the Group is another source of comfort. The company had cash and liquid investments of Rs. 43.8 crore as on March 31, 2025.

Rating sensitivities

Positive factors – The ratings would remain sensitive to any movement in the credit profile of the guarantor, CSA 2.

Negative factors – CDIPL's ratings remain sensitive to any adverse movement in the credit profile of the guarantor, CSA 2. Further, the rating could witness downward revision in case of delays in securing debt funding or delays in the commissioning of the under-construction projects of the SPVs under CSA 2, thereby impacting the payment of dues to CDIPL by these SPVs. Further, the inability of the company to improve its profitability, resulting in weak debt coverage metrics, could lead to a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Group support: The assigned rating draws comfort from the unconditional and irrevocable guarantee extended by CSA 2
Consolidation/Standalone	ICRA has considered the standalone financial and operational profile of CDIPL

About the company

CSE Development (India) Private Limited (CDIPL), incorporated in January 2015, is the development entity of the Cleantech Solar Group. CDIPL undertakes modules/WTG procurement, O&M and preliminary project development activities for the SPVs of the group. The company changed its name from Cleantech Fuel Energy (India) Private Limited to CDIPL with effect from June 19, 2017. Cleantech Solar Development Company Pte. Ltd. holds a 99.99% stake in CDIPL, which in turn is promoted by Cleantech Renewable Assets Pte Ltd.

Key financial indicators (audited)

Standalone	15M FY2024	9M FY2025*
Operating income	568.1	463.1
PAT	-56.4	-58.2
OPBDIT/OI	-0.2%	-2.9%
PAT/OI	-9.9%	-12.6%
Total outside liabilities/Tangible net worth (times)	-13.1	-9.6
Total debt/OPBDIT (times)	-398.8	-33.4
Interest coverage (times)	- 0.0	-0.3

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Note: CDIPL 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

Key financial indicators (CSA 2)

Consolidated	CY2023
Operating income	19.1
PAT	-2.1
OPBDIT/OI	48.9%
PAT/OI	-11.0%
Total outside liabilities/Tangible net worth (times)	12.7
Total debt/OPBDIT (times)	82.1
Interest coverage (times)	1.1

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

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	May 14, 2025	Date	Rating	Date	Rating	Date	Rating
Long term – Others – Fund-based	Long term	45.00	[ICRA]BBB (CE) (Stable)	17-JUN-2024	[ICRA]BBB (CE) (Stable)	-	-	-	-
				12-JUL-2024	[ICRA]BBB (CE) (Stable)	-	-	-	-
Short term – Others – Fund-based	Short term	80.00	[ICRA]A3+ (CE)	-	-	-	-	-	-
Short term - Letter of credit – Non-fund based	Short term	200.00	[ICRA]A3+ (CE)	-	-	-	-	-	-
Long term/Short term – Non-fund based - Bank guarantee - Interchangeable	Long term/ Short term	(50.00)	[ICRA]BBB (CE) (Stable)/ [ICRA]A3+ (CE)	-	-	-	-	-	-
Long term/Short term – Others – Fund-based - Interchangeable	Long term/Short term	(1.00)	[ICRA]BBB (CE) (Stable)/ [ICRA]A3+ (CE)	-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term – Fund-based – Others	Simple
Short term—Fund-based – Others	Simple
Short term – Non-fund based - Letter of credit	Very Simple
Long term/Short term – Interchangeable limits – Bank guarantee	Very Simple

Long term/Short term –Fund-based - Interchangeable limits – Other	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/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund-based – Others	-	-	-	45.00	[ICRA]BBB (CE) (Stable)
NA	Short term— Fund-based – Others	-	-	-	80.00	[ICRA]A3+(CE)
NA	Short term – Non-fund based - Letter of credit	-	-	-	200.00	[ICRA]A3+ (CE)
NA	Long term/Short term – Interchangeable limits – Bank guarantee	-	-	-	(50.00)	[ICRA]BBB(CE)(Stable)/ [ICRA]A3+ (CE)
NA	Long term/Short term –Fund-based - Interchangeable limits – Other	-	-	-	(1.00)	[ICRA]BBB(CE)(Stable)/ [ICRA]A3+(CE)

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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