

July 22, 2025

Radiance Renewables Private Limited: Long-term rating downgraded; outlook revised to Negative from Stable; short-term 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	400.00	200.00	[ICRA]A-(Negative); downgraded from [ICRA]A(Stable) and outlook revised to Negative from Stable
Short term- Fund based	0.00	75.00	[ICRA]A2+; reaffirmed
Short term - Letter of credit – Non-fund based	520.00	-	-
Long term/Short term - Non-fund based	0.00	307.00	[ICRA]A-(Negative); downgraded from [ICRA]A (Stable); outlook revised to Negative from Stable; / [ICRA]A2+reaffirmed
Long term/Short term –Unallocated limit	0.00	788.00	[ICRA]A- (Negative); downgraded from [ICRA]A (Stable); outlook revised to Negative from Stable; [ICRA]A2+reaffirmed; assigned for enhanced amount
Total	920.00	1,370.00	

*Instrument details are provided in Annexure 1

Rationale

The downgrade in the long-term rating for Radiance Renewables Private Limited (RRPL) considers the moderation in its credit metrics following the additional mezzanine debt availed to fund the equity requirement of the ongoing projects as well as the delays in capacity addition against earlier expectations. The company availed a mezzanine debt of Rs. 525 crore in July 2025, of which Rs. 185 crore has been utilised to repay an earlier mezzanine debt and the balance will be used to fund the equity requirement of the upcoming projects in its subsidiaries. Delay on the part of the company in securing incremental equity funding constrained the progress of the planned expansion. The reliance on mezzanine debt over equity is expected to moderate the company's debt coverage metrics at a consolidated level, going forward, with the DSCR likely to be weak in FY2026 and modest thereafter. Nonetheless, the available liquidity provides comfort in meeting the near-term obligations.

RRPL had an operational solar power capacity of 610 MWp as of June 2025, a modest increase from ~500 MWp in May 2024, owing to the delay in acquiring land and raising funds. This apart, the company has an under-construction capacity of ~250 MWp and a near-term pipeline of ~256 MWp, which will take the overall installed solar capacity to ~1.1 GWp over the next 12-15 months. RRPL aims to expand the capacity further to 2 GWp by FY2028. In this context, the ability of the company to raise equity to fund the capacity expansion and replace the mezzanine debt, thereby improving its debt coverage metrics, will remain a key rating sensitivity, going forward.

The ratings are further constrained by the susceptibility of its revenues and cash flows to the generation achieved by its solar portfolio, which is exposed to the variability in solar irradiance and equipment performance, given the single-part and fixed PPA tariff for majority of the portfolio. Nevertheless, this risk is mitigated to some extent by the geographic diversity of the portfolio and the satisfactory track record of generation performance for majority of the portfolio. While the PLF remained largely in line with the P-90 estimate in FY2024, it moderated in FY2025 amid lower solar irradiation, as per the company. The ratings are also constrained by the execution and funding risks for the upcoming projects, which could face delays in execution and cost overruns.

The company also remains exposed to regulatory risks, including changes in open access charges, banking norms and scheduling & forecasting norms. Although, any changes in open access charges are passed on to the commercial and industrial (C&I) customers in most cases, any increase in such charges or tightening of norms may impact the landed cost for C&I customers and increase the risk of tariff renegotiation after the expiry of the lock-in period. Herein, the competitiveness of the tariff offered by the company against the grid tariffs for the C&I customers is a credit positive. The ratings are also constrained by interest rate risk for the company because of the leveraged capital structure.

Nevertheless, the ratings continue to take comfort from the diversified solar portfolio of the company across multiple locations and customers having long-term power purchase agreements (PPAs) with reputed C&I customers at largely fixed tariffs, thereby providing revenue visibility. Also, the ratings continue to consider the superior financial flexibility and managerial strengths offered by strong institutional promoters, i.e. Green Growth Equity Fund (GGEF), anchored by reputed investors. Further, RRPL has a demonstrated track record in raising project finance for under-construction projects and refinancing of existing project loans at competitive interest rates. ICRA derives comfort from the satisfactory credit profiles of the counterparties and their track record of timely payments, thus aiding the liquidity profile of RRPL.

The Negative outlook on the [ICRA]A- rating reflects the modest credit metrics of the company if it is unable to secure the required equity for replacing the mezzanine debt and funding near-term growth.

Key rating drivers and their description

Credit strengths

Financial flexibility and managerial strength arising from parentage - RRPL is backed by GGEF, which is a SEBI-registered Category II AIF with anchor investments from National Infrastructure and Investment Fund (NIIF), Govt. of UK {through Foreign, Commonwealth and Development Office (FCDO)} and other marquee investors and managed by Eversource Capital (which is a joint venture between Everstone Capital & Lightsource BP). This has accorded superior financial flexibility and managerial strength to the company.

Diversified solar power portfolio – Radiance has a diversified operating solar power capacity of 610 MWp as of June 2025 spread across four states and multiple counterparties. This apart, the company has an under-construction capacity of ~250 MWp and near-term pipeline of ~256 MWp, which will take the overall installed solar capacity to ~1.1 GWp over the next 12-15 months. The increase in the installed capacity base would further diversify its operations across consumers and geographies, thus reducing the exposure to location and customer-specific risks.

Limited demand risk for solar power portfolio, driven by PPAs with C&I customers having satisfactory credit profiles - The Radiance Group has set up solar projects through various SPVs largely under the captive/group captive route as well as rooftop solar power projects. Majority of these projects have tied up long-term PPAs for a tenure of 25 years with reputed C&I customers at largely fixed tariffs, thereby limiting the demand risks and providing revenue visibility. RRPL engages with counterparties having satisfactory credit quality, wherein ~95% of the counterparties have investment grade ratings, leading to timely payments from the customers. Moreover, the tariffs offered under these PPAs remain competitive for the customers as they are at a significant discount to the grid tariffs.

Credit challenges

Debt coverage metrics constrained by high leverage - RRPL had availed a mezzanine debt of Rs.525 crore in July 2025, of which Rs. 185 crore is being used to repay an earlier mezzanine debt and the balance will be used towards funding the equity requirement of the upcoming projects in its subsidiaries. This is primarily attributable to the delay in securing incremental equity funding by the company, which constrained the progress on planned expansion. The reliance on mezzanine debt over equity is expected to moderate the debt coverage metrics at a consolidated level, going forward, with the DSCR likely to be weak in FY2026 and modest thereafter. Nonetheless, the available liquidity provides comfort in meeting the obligations in the near term.

Cash flows exposed to variation in irradiance and interest rate risk - The cash flows of the company are exposed to the variability of its revenue, which is subject to the generation achieved by its solar portfolio. Further, the generation is dependent on the variability in solar irradiance and equipment performance, given the single-part and fixed PPA tariff for majority of the portfolio. Nevertheless, this risk is mitigated to some extent by the geographic diversity of the portfolio and the satisfactory track record of generation performance for majority of the portfolio. The ratings are also constrained by interest rate risk for the company, given the leveraged capital structure, the floating interest rates and fixed tariffs. Thus, a material increase in interest rates can impact the debt servicing capabilities of the projects negatively.

Execution risk associated with under-construction projects - The Group plans to increase its capacity to ~860 MWp by the end of FY2026 and further to ~1.1 GWp in H1 FY2027. Moreover, the Group plans to increase the portfolio size to ~2 GWp over the next three years, resulting in sizeable execution risk for the Group. The ability of the Group to commission the projects without major cost and/or time overruns will remain critical. The Group's strategy to set up solar parks initially and then market the solar plants mitigates the execution risk to some extent, given that the evacuation and land approvals are in place well ahead of the beginning of project execution.

Regulatory and interest rate risks - The projects of the subsidiaries of RRPL have PPAs with C&I customers and are exposed to regulatory risk on account of changes in open access charges, banking norms etc. The risk is mitigated to some extent by the pass-through of such charges to the C&I customers in majority of the PPAs. However, in case of any upward revision in these charges or adverse changes in regulations, the landed cost of power for the C&I customers will increase, which may lead to tariff negotiation once the lock-in period expires. Also, the company's debt coverage metrics are exposed to adverse changes in interest rates because of the leveraged capital structure.

Risk of cash flow mismatch post lock-in period of PPAs - The company remains exposed to the risk of tariff renegotiation or PPA termination, post the expiry of the lock-in period, which might result in cash flow mismatch to meet the debt obligations. Herein, comfort is drawn from the competitive PPA tariff offered by the company's portfolio, which is at a discount to the grid tariff for the customers, providing economic benefit to them.

Liquidity position: Adequate

The liquidity position of RRPL (standalone) remains adequate, driven by the new mezzanine debt of Rs. 525 crore which has enabled the company to meet its equity contribution in the projects. Going forward, ICRA expects the liquidity position to remain adequate, given the company's plans to raise additional equity in FY2026 to enable it to meet its capital commitment requirements for the upcoming projects in a comfortable manner. Free cash and liquid investments (Rs. 44.4 crore as on May 31, 2025, on standalone basis) along with proceeds from the mezzanine debt are sufficient to meet RRPL's near-term debt servicing obligations.

Rating sensitivities

Positive factors - Given the Negative outlook, an upgrade is unlikely in the near term. However, the outlook may be revised to Stable if there is a material improvement in the company's debt coverage indicators and it is able to scale up its capacity without any major cost and time overruns.

Negative factors - Any delay in equity raise or additional indebtedness at the holding company, resulting in a further deterioration of the debt coverage indicators could result in a downward pressure on the ratings. The ratings may also be impacted if the generation is lower than P-90 PLF estimates for the operational projects of the Radiance Group on a sustained basis. Major time and cost overruns impacting the profitability of the under-construction projects and/or a significant deterioration in the payment cycle from the counterparties could also lead to a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of RRPL

About the company

RRPL is a 100% subsidiary of GGEF, an alternative investment fund managed by EverSource Capital and anchored by NIIF and the UK Government. RRPL is focused on setting up renewable power projects to supply electricity to commercial and industrial customers. EverSource Capital is a joint venture between EverStone and Lightsource BP. RRPL has a geographically distributed presence across Maharashtra, Karnataka, Tamil Nadu, Uttar Pradesh etc. RRPL has a portfolio of 1.1 GWp, of which 610 MW has been commissioned as on June 30, 2025.

Key financial indicators (audited)

RRPL consolidated	FY2023	FY2024	FY2025*
Operating income	520.8	409.1	557.5
PAT	-72.5	-75.3	-120.8
OPBDIT/OI (%)	7%	30%	27%
PAT/OI (%)	-14%	-18%	-22%
Total outside liabilities/Tangible net worth (times)	1.1	1.5	2.0
Total debt/OPBDITA (times)	30.4	12.8	13.4
Interest coverage (times)	0.4	0.8	0.8

Source: Company, ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations; *Provisional financials with limited information

PAT: Profit after tax excluding share of profit/(loss) of JVs and associates (net); OPBDITA: 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 rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jul 22, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based limits	Long term	200.00	[ICRA]A-(Negative)	24-May-2024	[ICRA]A (Stable)	04-Apr-2023	[ICRA]A (Positive)	23-Aug-2022	[ICRA]A (Positive)
Non-fund Based Limits	Short term	-	-	24-May-2024	[ICRA]A2+	04-Apr-2023	[ICRA]A2+	23-Aug-2022	[ICRA]A2+
Unallocated	Long term/Short term	-	-	-	-	-	-	23-Aug-2022	[ICRA]A (Positive)/[ICRA]A2+
Fund-based limits- Others	Short term	75.00	[ICRA]A2+	-	-	-	-	-	-
Non-fund based - Others	Long term/Short term	307.00	[ICRA]A-(Negative)/[ICRA]A2+	-	-	-	-	-	-
Unallocated	Long term/Short term	788.00	[ICRA]A-(Negative)/[ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term – Fund-based limits	Simple
Short term- Fund based - Others	Simple
Long term/Short term - Non-fund based - Others	Very Simple
Long term/Short term –Unallocated limit	NA

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	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund-based limits	-	-	-	200.0	[ICRA]A- (Negative)
NA	Short term - Fund based - Others	-	-	-	75.00	[ICRA]A2+
NA	Long term/Short term - Non-fund based - Others	-	-	-	307.00	[ICRA]A- (Negative)/ [ICRA]A2+
NA	Long term/Short term – Unallocated limits	-	-	-	788.00	[ICRA]A- (Negative)/ [ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Kushtagi Solar Power Private Limited	100%	Full consolidation
Rise Renewables Private Limited	100%	Full consolidation
Origin Renewables Private Limited	100%	Full consolidation
Radiance KA Sunrise One Private Limited	74%	Full consolidation
Radiance MH Solar Power Private Limited	74%	Full consolidation
Radiance TN Solar Power Private Limited	100%	Full consolidation
Capsol Energy Private Limited	70%	Full consolidation
Radiance KA Sunrise Two Private Limited	74%	Full consolidation
Radiance KA Sunrise Three Private Limited	74%	Full consolidation
Radiance KA Sunrise Four Private Limited	74%	Full consolidation
Radiance KA Sunrise Five Private Limited	74%	Full consolidation
Radiance KA Sunrise Six Private Limited	100%	Full consolidation
Radiance MH Sunrise One Private Limited	100%	Full consolidation
Radiance MH Sunrise Two Private Limited	74%	Full consolidation
Radiance MH Sunrise Three Private Limited	74%	Full consolidation
Radiance MH Sunrise Four Private Limited	74%	Full consolidation
Radiance MH Sunrise Five Private Limited	74%	Full consolidation
Radiance MH Sunrise Six Private Limited	74%	Full consolidation
Radiance MH Sunrise Seven Private Limited	74%	Full consolidation
Radiance MH Sunrise Eight Private Limited	74%	Full consolidation
Radiance MH Sunrise Nine Private Limited	100%	Full consolidation
Radiance MH Sunrise Ten Private Limited	74%	Full consolidation
Radiance MH Sunrise Eleven Private Limited	100%	Full consolidation
Radiance MH Sunrise Twelve Private Limited	74%	Full consolidation
Radiance MH Sunrise Thirteen Private Limited	100%	Full consolidation
Radiance MH Sunrise Fourteen Private Limited	70%	Full consolidation
Radiance MH Sunrise Fifteen Private Limited	51%	Full consolidation
Radiance MH Sunrise Sixteen Private Limited	100%	Full consolidation
Radiance MH Sunshine One Private Limited	100%	Full consolidation

Company name	Ownership	Consolidation approach
Radiance MH Sunshine Two Private Limited	100%	Full consolidation
Radiance MH Sunshine Three Private Limited	100%	Full consolidation
Radiance MH Sunshine Four Private Limited	100%	Full consolidation
Radiance MH Sunshine Five Private Limited	100%	Full consolidation
Radiance MH Sunshine Six Private Limited	100%	Full consolidation
Radiance MH Sunshine Seven Private Limited	100%	Full consolidation
Radiance MH Sunshine Eight Private Limited	100%	Full consolidation
Radiance KA Sunshine One Private Limited	74%	Full consolidation
Radiance KA Sunshine Two Private Limited	74%	Full consolidation
Radiance KA Sunshine Three Private Limited	100%	Full consolidation
Radiance KA Sunshine Four Private Limited	74%	Full consolidation
Radiance KA Sunshine Five Private Limited	74%	Full consolidation
Radiance KA Sunshine Six Private Limited	74%	Full consolidation
Radiance KA Sunshine Seven Private Limited	100%	Full consolidation
Radiance KA Sunshine Eight Private Limited	100%	Full consolidation
Radiance MH Solar Park Private Limited	100%	Full consolidation
RFE Electric Private Limited	100%	Full consolidation
Radiance TN Solar Park Private Limited	100%	Full consolidation
Radiance TN Sunrise One Private Limited	74%	Full consolidation
Arize Renewables Private Limited	100%	Full consolidation
Energywiz Private Limited	100%	Full consolidation
Solenco Renewables Private Limited	100%	Full consolidation
Mirzapur Power Private Limited	100%	Full consolidation
Radiance MH Sunrise Seventeen Private Limited	100%	Full consolidation
Radiance DC Sun Energy Private Limited	74%	Full consolidation
Solarstream Renewable Services Private Limited	51%	Full consolidation
Azure Solar Solution Pvt Ltd.	100%	Full consolidation
Azure Renewable Energy Pvt Ltd	100%	Full consolidation
Azure Sunlight Pvt Ltd	100%	Full consolidation
Azure Power Thirty Eight Pvt Ltd	49%	Full consolidation
Radiance Anjar Hybrid Renewables Private Limited	100%	Full consolidation
Radiance Renewable Projects Private Limited	100%	Full consolidation
Radiance Green Markets Private Limited	100%	Full consolidation
Parola Renewables Private Limited	74%	Full consolidation
Azure Sun Energy Private Limited	100%	Full consolidation
Solenco Solar Park Private Limited	100%	Full consolidation
Voltalia Energy Private Limited	100%	Full consolidation
Aptos Ventures Private Limited	75.85%	Full consolidation
Radiance TN Sunshine One Private Limited	100%	Full consolidation
Radiance MH Sunshine Solar Private Limited	100%	Full consolidation
Radiance KA Sunbright One Private Limited	100%	Full consolidation

Source: RRPL Annual Report FY2024

Note: ICRA has taken a consolidated view of RRPL and its subsidiaries while assigning the ratings

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