

November 18, 2025

Sunstrength Renewables Private Limited: Ratings Reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund based – Term loan	39.53	39.53	[ICRA]A- (Stable); Reaffirmed
Total	39.53	39.53	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Sunstrength Renewables Private Limited (SURPL) factors in the strengths arising from the company's parentage, being a part of the Cleantech Solar Group, an experienced management, established track record in developing and operating renewable power projects and a diversified solar & wind project portfolio of ~1083 MWp tied up with large commercial & industrial customers. The capacity under the holding company Cleantech India OA Pte Ltd (CIOA) stands at ~374MW with the entire capacity being operational. Recently, Keppel Corporation has acquired the balance 49% stake from Shell Plc, thereby gaining full ownership of the platform.

Further, the rating favourably factors in the healthy generation performance of the 8.4 MW solar power asset above the P90 estimate, since its commissioning in April 2021 and the commissioning of the 5.27 MW solar power asset in September 2024. Further, the rating favourably factors in the long-term power purchase agreements (PPAs) signed by SURPL with SKF India Limited (SKFIL), at a fixed tariff under the captive mode, thereby limiting the demand and pricing risks for its 13.67 MW solar power capacity. The tariff offered under the PPAs are highly competitive in relation to the grid tariff for this customer and the PPAs would enable the customer to meet its sustainability goals. Further, the rating draws comfort from the comfortable credit profile of SKFIL, which is expected to lead to timely realisation of payments for the company.

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 PPAs. 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, the generational performance of newly commissioned asset of 5.27 MW remains to be seen.

The lock-in period under the PPA signed for 5.27 MW by SURPL is lower at 10 years against the debt repayment tenure of ~14.5 years. Also, ICRA notes that the termination payments under the PPAs 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 PPAs.

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 SURPL factors in the steady cash flow visibility, aided by the long-term PPAs 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 – SURPL is part of the Cleantech Solar Group, which in turn is promoted by Keppel Consortium. Recently, Keppel Corporation has acquired the balance 49% stake from Shell Plc, thereby gaining full ownership of the platform. The platform benefits from a diversified portfolio of ~1083 MWp across seven countries in South Asia and the presence of strong shareholders, who are focused on growing their renewable energy portfolio. SURPL is expected to receive support from the Group in case of any exigency, given the cross-default linkages with the parent, Cleantech India OA Pte Ltd (CIOA).

Low offtake risk with presence of long-term PPAs with an industrial customer at a highly competitive tariff – The solar power capacity under SURPL has tied-up long-term PPAs with SKFIL under the captive mode at a fixed tariff, thereby limiting the demand and pricing risks. The PPAs include a provision for termination payments which cover for a certain portion of the debt. Further, comfort is drawn from the competitive tariffs offered by the project to the customer against the grid tariff rates. Moreover, the PPAs would enable the customer to meet its renewable purchase obligations.

Timely payments by the customer – The presence of a counterparty like, SKFIL, which is a group entity of SKF AB (rated Moody's Baa1 stable), is expected to result in timely payments, as demonstrated so far.

Healthy performance resulting in improved debt coverage metrics – The debt coverage metrics for SURPL are expected to improve against ICRA's earlier estimates following the demonstration of healthy generation performance by the company's solar power capacity, along with availability of long-term PPA at fixed rate and long tenure of project 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 PPAs, the revenues and cash flows of the solar power project under SURPL 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.

Risk of cash flow mismatch owing to lower lock-in period under the PPA in relation to debt tenure – The phase- 2 PPA (5.27 MW) signed by SURPL has a lock-in period of 10 years, lower than the debt repayment tenure of 14.5 years. Also, the termination payments under the PPAs do not cover for the entire debt outstanding. Nonetheless, comfort can be drawn from the significant discount offered by the company to its customer against the grid tariff and the track record of the sponsor in securing PPAs with large industrial and commercial customers.

Exposed to interest rate risk – The interest rate on the term loans availed by the company for its projects is floating and subject to regular reset. Given the fixed tariffs under the PPAs and the leveraged capital structure, the debt coverage metrics for the company remained exposed to the movement in interest rate as seen in the recent past. As the project is expected to have moderate coverage metrics, the ability of the company to achieve the appraised generation estimate and having a competitive interest rate on the project debt remains important.

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 SURPL is expected to be adequate, with sufficient buffer between cash flow from operations and the debt repayment obligation. Moreover, the 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. 9.01 crore as on July 31, 2025 including DSRA of Rs. 4.53 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 SURPL remains below the appraised estimate on a sustained basis, thereby adversely impacting the debt coverage metrics. Also, delay in payments from counterparty adversely impacting the liquidity profile of the company 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 and Wind
Parent/Group support	The rating assigned to SURPL 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

SURPL is a subsidiary of CIOA, Singapore, wherein CIOA holds a 73.26% stake and the remaining 26.74% is held by the sole offtaker, SKF India Limited. CIOA is a 100% subsidiary of Cleantech Solar Asia Pte. Ltd. (CSA), which in turn is 100.0% owned by Keppel consortium. CSA has a solar power portfolio of 1,083 MWp across India, Thailand, Malaysia, Cambodia, Indonesia, Vietnam and Singapore.

SURPL owns 13.67 MW (DC Capacity) solar power assets in the Beed district of Maharashtra, of which 8.4 MW capacity is operational since April 01, 2021. The 5.27 MW capacity is also operational with effect from September 01, 2024. The company has signed 12-year long-term PPAs with SKF India Limited. As required under the group captive regulations, the customer has subscribed to the shareholding of the company.

Key financial indicators (audited)

Standalone	15M FY2024	FY2025
Operating income (All lower except first letter and bold)	6.2	6.8
PAT	0.4	0.3
OPBDIT/OI	82.7%	85.5%
PAT/OI	6.3%	3.9%
Total outside liabilities/Tangible net worth (times)	2.3	2.1

Total debt/OPBDIT (times)	7.6	5.8
Interest coverage (times)	1.6	1.5

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

Current (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Nov 18, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	39.53	[ICRA]A- (Stable)	Sep 30, 2024	[ICRA]A- (Stable)	Jun 30, 2023	[ICRA]BBB+ (Stable)	Jun 06, 2022	[ICRA]A- (CE) (Stable)
								Sep 23, 2022	[ICRA]BBB+ (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 loans	Nov 2021	-	FY2033	21.24	[ICRA]A- (Stable)
NA	Term loans	Feb 2023	-	FY2038	18.29	[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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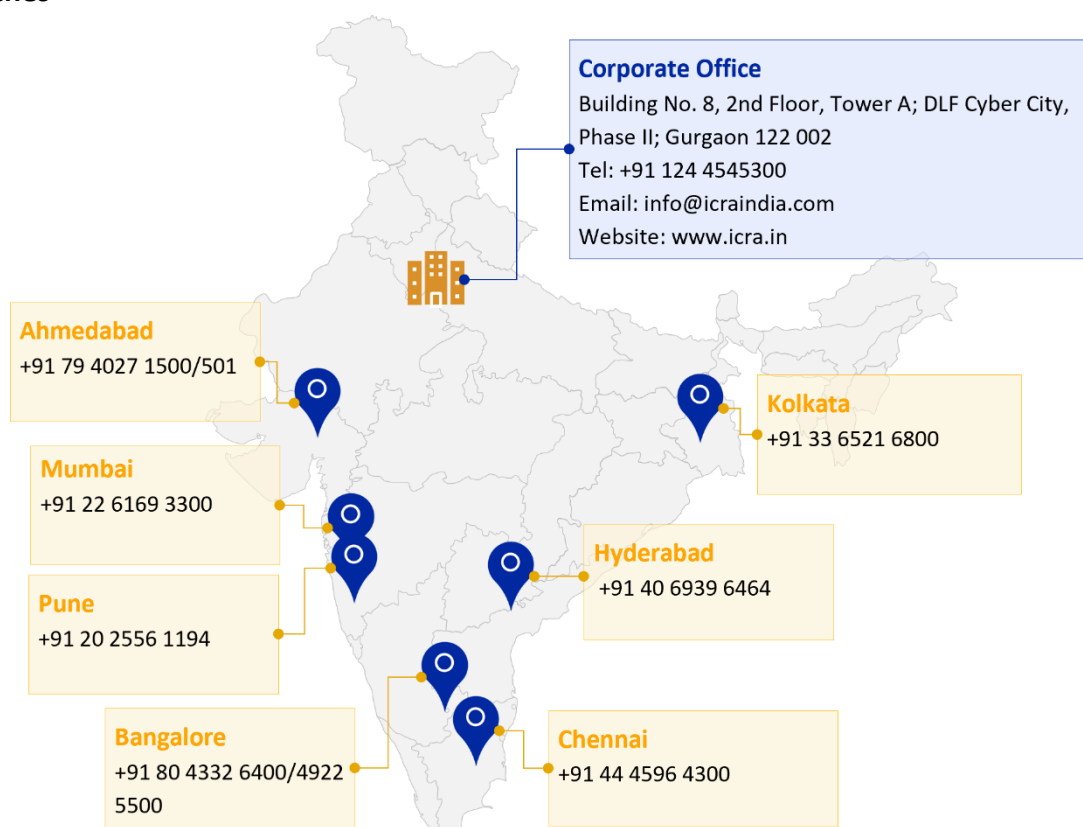
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