January 29, 2026

SAEL Solar P5 Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Pervious rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	1,794.00	1,794.00	[ICRA]BBB+ (Stable); reaffirmed
Total	**1,794.00**	**1,794.00**	

Instrument details are provided in Annexure-I

Rationale

The reaffirmation of the rating factors in the commissioning of SAEL Solar P5 Private Limited (SSP5) in January 2026. The rating continues to factor in high revenue visibility, and low off take risk for the 500-MWdc/400 MWac solar power project of SSP5 because of the long-term (25 years) power purchase agreement (PPA) with Gujarat Urja Vikas Nigam Ltd (GUVNL; rated [ICRA]AA/Stable /[ICRA]A1+) for the entire capacity at a fixed tariff of Rs. 2.70 per unit. The rating draws comfort from the presence of a strong counterparty like GUVNL, and the payment security mechanism under the PPA with a provision for letter of credit equal to average one-month billing. These factors, along with the superior tariff competitiveness of the project, mitigate the counterparty credit risk for the company.

The rating also factors in the expected managerial and financial support from the parent – SAEL Industries Limited (SIL) - in case of any requirement. SIL is promoted by the Awla family and has received investments worth $ 165 million from Norwegian Investment Fund and US Development Finance Corporation Fund. It has a diversified renewable portfolio consisting of solar, storage, and waste-to-energy power projects. At present, SIL, through its various subsidiaries, has an operational portfolio of 1,884 MW (1,734 MW_{AC} solar and 150 MW waste-to-energy projects) and under-construction portfolio of 2,532 MW_{AC} (~2,517 MW_{AC} solar and 14.9 MW waste-to-energy projects), which is expected to be operational, as per the scheduled commissioning timelines through FY2026-FY2029. Additionally, SIL has around 1,350 MW_{AC} of project capacity which awaits PPA signing and includes 150 MW of battery energy storage projects, 600 MW of solar plus storage projects, and remaining 600 MW_{AC} of solar projects. The company also has an operational module manufacturing facility for a capacity of 3.7 GW, and plans to add 5 GW of Topcon cell capacity and a 5 GW module line by FY2028.

Further, the rating positively considers the low funding risk for the project as the entire debt funding (Rs. 1,794.0 crore) has been tied up with a long maturity profile and 100% promoter contribution (Rs. 722.0 crore) infused till date. Post commissioning, the company's debt coverage metrics are expected to be adequate with the cumulative debt service coverage ratio (DSCR) at ~1.2x over the debt tenure, supported by the long-term PPA, the long tenure of the debt and a competitive interest rate.

The rating is, however, constrained by stabilisation-related risks associated with the project, post commissioning, and uncertainty over achieving the desired P-90 levels. Also, the company is yet to get approval from the off taker for extension of the scheduled commissioning date (SCOD) and confirmation from the lender on funding the debt portion of the increased project cost due to delays in commissioning. At present, the increased project cost due to higher interest during construction (IDC) has been funded through promoter contribution.

The company's revenues and cash flows would also remain sensitive to the variation in weather conditions and seasonality, post commissioning, because of the single-part fixed tariff under the PPA. Additionally, the company remains exposed to asset concentration risk as the entire capacity is at a single site in Gujarat. Therefore, the ability of the project to achieve the design P-90 PLF, post commissioning, on a sustained basis remains crucial from a credit perspective.

Further, the project credit metrics would remain exposed to the movement in interest rates, given the fixed tariff under the PPA, a levered capital structure with the project cost being funded through a debt to equity of 71:29 and a floating interest rate. Also, the company remains exposed to the regulatory challenges of implementing the scheduling and forecasting framework for the solar power sector.

The Stable outlook on the long-term rating of the company is supported by the long-term PPA with a strong counterparty, i.e., GUVNL, and satisfactory generation performance thereby providing revenue visibility, post commissioning.

Key rating drivers and their description

Credit strengths

Experienced parent with a demonstrated track record in developing and operating renewable assets – SSP5 is a 100% subsidiary of SIL. SIL is promoted by the Awla family and has received investments from Norwegian Investment Fund and US Development Finance Corporation Fund. The company has a qualified and experienced management team with a track record in developing and operating renewable power projects across the country. The company currently has an operational capacity of around 1.8 GW and is expected to achieve an operational portfolio exceeding 2 GW by the end of March 2026. In addition, it has another 3.7 GW under construction, which is expected to be commissioned in phases from FY2027 to FY2029.

Revenue visibility from long-term PPA with GUVNL at competitive tariff rate – SSP5 has signed a long-term (25 years) power purchase agreement (PPA) with GUVNL for the entire capacity at a fixed tariff of Rs. 2.70 per unit, providing high revenue visibility and ensuring low offtake risk for the 400 MW_{AC} solar power project. Moreover, the tariff offered by the project remains highly competitive in relation to the average power purchase cost of GUVNL.

Low counterparty risk - The rating draws comfort from the presence of a strong counterparty like GUVNL and the payment security mechanism under the PPA, with a provision for letter of credit equal to average one-month billing. Further, the additional provisions in the PPA related to compensation in case of grid curtailment or backdown and the termination liability provide comfort. These factors, along with the superior tariff competitiveness of the project, mitigate the counterparty credit risk for the company.

Adequate debt coverage metrics - SSP5's debt coverage metrics are expected to be adequate with the cumulative DSCR estimated at around 1.21x over the debt tenure, supported by the availability of a long-term PPA, the long tenure of the debt and competitive interest rates. Additionally, the liquidity profile of the company is expected to be supported by the presence of a two-quarter debt service reserve over the tenure of the term loan, post commissioning. Also, SIL is expected to extend funding support in case of any cash flow mismatch.

Credit challenges

Risks related to project stabilisation – In its first few months, a solar power plant typically exhibits a low PLF owing to initial stabilisation issues. Hence, it is imperative for the project to demonstrate performance above the P-90 level, going forward, for maintaining healthy debt coverage metrics. A generation performance in line with the P-90 PLF will remain a key monitorable factor.

Debt metrics of solar projects sensitive to PLF and interest rates - The company's revenues and cash flows, post commissioning, will remain sensitive to weather variability and seasonality due to the single-part fixed tariff structure under the PPA. Any adverse deviation in weather conditions and/or solar module performance may reduce the power generation and consequently weaken the cash flows. The geographic concentration of the asset further heightens the generation risk, making the project's ability to consistently achieve the design P-90 PLF critical. Additionally, the company's capital structure is levered, as the project has been developed through debt-funded capital expenditure. As a result, the debt coverage metrics remain exposed to interest rate movements, given the fixed tariff under the PPA and the floating nature of the interest rate for the project.

Exposure to regulatory risks - The company's operations remain exposed to regulatory risks pertaining to scheduling and forecasting requirements applicable for renewable energy projects, given the variable nature of solar power generation.

Liquidity position: Adequate

The liquidity position of SSP5 is supported by the infusion of equity/promoter contribution and the debt tie-up for the entire project cost. The entire promoter contribution of Rs. 722.0 crore had been infused, and the company has drawn ~71.3% of the sanctioned term debt as on November 17, 2025. Post commissioning, the liquidity of the company is expected to be supported by the presence of a two-quarter debt service reserve, with one quarter being funded upfront. At present, the SPV has encumbered cash balances of around Rs. 25 crore. Also, the company is expected to generate adequate cash flow from operations against an annual debt repayment obligation of around Rs. 218.3 crore in FY2027. In case of any exigencies, SIL is expected to support the company for any cash flow mismatches.

Rating sensitivities

Positive factors –. ICRA could upgrade the company's rating if the project is able to demonstrate a generation performance in line or above the P-90 estimates on a sustained basis, resulting in comfortable debt coverage metrics. Further, ICRA could upgrade the company's rating if the credit profile of the parent improves.

Negative factors - The rating could be downgraded if the generation performance remains below the P-90 level on a sustained basis, adversely impacting the debt coverage metrics. A specific credit metric for downgrade is the cumulative DSCR falling below 1.15 times on a sustained basis. Also, any delays in payments by the customer adversely impacting the company's liquidity position would be a negative trigger. The rating could also be revised downwards if the credit profile of the parent weakens.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	Parent Company: SAEL Industries Limited ICRA expects SSP5's parent, SIL, to be willing to extend financial support to SSP5, should there be a need
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

SAEL Solar P5 Private Limited (SSP5) is a wholly-owned subsidiary of SAEL Industries Limited. The SPV is developing a 400-MW (AC)/500-MW (DC) solar power project at Khavda Solar Park, Bhuj, in the Kutch district of Gujarat and has signed a 25-year PPA at a tariff of Rs. 2.70/unit with GUVNL for power offtake. The project is connected to the ISTS GSS – KPS II, and has been commissioned in January 2026.

Key financial indicators (audited) - Not meaningful as project got commissioned in January 2026.

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)	January 29, 2026	Date	Rating	Date	Rating	Date	Rating
Long term fund based -Term loan	Long term	1,794.00	[ICRA]BBB+ (Stable)	October 21, 2024	[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 loan	FY2025	NA	FY2039	1,794.00	[ICRA]BBB+(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

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Asmita Pant
+91 124 4545 856
asmita.pant@icraindia.com

Subhrojyotee Ghosh
+91 124 4545 812
subhrojyotee.ghosh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

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

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

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches