

February 03, 2026

Navia Two Power Private Limited: Ratings assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loan	159.78	[ICRA]A- (Stable); assigned
Short term – Non-fund based – Letter of credit	100.50	[ICRA]A2+; assigned
Total	260.28	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned to Navia Two Power Private Limited (Navia Two) derives comfort from it being a part of the restricted group (RG), which includes a cash pooling mechanism available to Navia Two and three other special purpose vehicles (SPVs), namely Ganeko Six Energy Private Limited (Ganeko Six), Navia One Power Private Limited (Navia One) and Navia Three Power Private Limited (Navia Three). The RG has a clearly defined payment mechanism for the sharing of surplus cash flows among the four SPVs prior to the due date of debt servicing.

In line with ICRA's methodology for rating co-borrower structures with defined mechanisms for sharing surplus cash flows prior to due date of debt servicing among the cash-pooling SPVs, the rating approach for Ganeko Six, Navia One, Navia Two, and Navia Three (collectively referred to as the RG/pool) is based on a consolidated assessment, and the rating is accordingly assigned on a consolidated basis. Further, the four SPVs are linked through cross-default provisions, which strengthens the structural linkage within the group.

The RG has an under-construction hybrid renewable energy capacity of 140.23 MW, comprising 119.23 MWp of solar and 21 MW of wind capacity. Navia Two, on an individual basis, has a hybrid capacity of 39.4 MW (Solar: 33.4 MWp; Wind: 6 MW). The ratings factor in the established track record of the ultimate parent entity, Zelestra Corporación, S.A.U., in the renewable energy sector. The Zelestra Group has a demonstrated track record of commissioning and operating renewable power projects across multiple geographies. The promoter is backed by the Sweden-based EQT Group and operates under the EQT Infrastructure V Fund, which imparts financial flexibility to the SPVs in the group. The Zelestra Group is a vertically integrated renewable energy developer and an independent power producer with a portfolio of approximately 36 GW spread across India, the United States, Germany, Spain, Italy, and Latin America.

The ratings also benefit from the revenue visibility with power purchase agreements (PPAs) tied up for 137.23 MW, representing 97% of the project capacity. Majority of these PPAs have a tenure of 25 years, with a lock-in period of 15 years, and are executed with offtakers possessing strong credit profiles. The average tariff for the contracted PPAs stands at Rs. 3.67 per kWh. Further, the ratings consider the progress of project implementation and the fact that the entire debt requirement is fully tied up. As per the latest status, approximately 84% of the required land has been acquired, procurement of key equipment such as modules, inverters and transformers is partially completed, and civil construction activities are progressing in line with the planned schedule.

The project is expected to have a leveraged capital structure, with a debt-equity ratio of 3:1. As on December 31, 2025, around 23% of the total project cost has been incurred. The promoters and offtakers have infused approximately 96% of the planned equity and the debt has also been partially drawn down.

However, the ratings are constrained by the fact that the debt tenor (door-to-door tenor of 21 years) extends beyond the PPA lock-in period. Additionally, the ratings factor in execution and stabilisation risk, given that the projects are currently under

development. Typically, solar and wind power projects require 6–12 months post commissioning to stabilise the operations. Post commissioning, the project's cash flows and debt protection metrics will remain sensitive to generation performance as it is exposed to module and wind turbine generator performance and weather conditions, which is an uncontrollable factor, and any adverse climate changes shall directly impact the power generation and the cash flows of the SPVs and ultimately the pool.

The geographic concentration of the assets also adds to the risk profile. The ability of the projects to demonstrate generation performance in line with or exceeding the appraised P-90 plant load factor (PLF) remains a key credit monitorable. Further, the operations remain exposed to regulatory risks, particularly those related to forecasting and scheduling regulations applicable to wind and solar power projects.

ICRA also takes note that the pool's debt coverage metrics are exposed to the adverse variation in interest rates, given the leveraged capital structure. Also, the pool would remain exposed to the variation in open access charges or regulations, which may impact the landed cost of electricity for the group captive consumers. However, the existing tariff rate in the PPA provide sufficient cushion and energy savings as compared to state grid tariff rates.

Key rating drivers and their description

Credit strengths

Support available from surplus cash sharing mechanism with other SPVs of the pool - The company benefits from being a part of a cash pooling mechanism, wherein surplus cash from any of the four SPVs can be used to meet the shortfall in debt servicing of any other SPV in this pool prior to the due date of debt servicing. This provides cushion to the SPVs if there is a shortfall in fulfilling their debt obligation due to factors like seasonality, sudden change in climatic conditions and any force majeure event impacting the power generation and, thus, the operating cashflows.

Revenue visibility as 97% of long-term PPAs tied up at competitive tariff rates - The SPVs in the RG have a strong revenue visibility owing to the long-term PPAs tied up for 97% (i.e. 137.23 MW) of the total capacity with strong commercial and industrial (C&I) consumers. The tenure for majority of the PPAs is 25 years with a lock-in period of 15 years.

Low counterparty credit risk- The offtakers for the project are C&I customers. The credit profile of the offtakers is strong, ensuring revenue visibility and reducing cash flow mismatch and offtake risks. Of the total capacity, ~88% is under group captive and the balance is tied up for third-party sale.

Comfortable debt coverage metrics-The debt coverage metrics are expected to be comfortable with a cumulative DSCR of close to 1.2 times, supported by long-term PPAs at competitive tariffs and C&Is with strong credit profiles. The debt coverage metrics, while currently adequate, remain susceptible to the volatility in cash flows. These are contingent on the timely commissioning of the project, project stabilisation and operating expenses staying within budgeted norms. Any material deviation could result in a breach of the financial covenant of a minimum DSCR of 1.1x at the pool level. However, comfort is drawn from the sponsor group's demonstrated track record of commissioning and operating renewable power projects across multiple geographies, along with the financial flexibility emanating from the presence of EQT fund.

Credit challenges

Project exposed to execution risk - The project is exposed to execution risk as the total capacity of the RG is under construction. The scheduled commercial operation date for the project is September 30, 2026. As per the latest status, approximately 84% of the required land has been acquired, procurement of key equipment such as modules, inverters and transformers is partially completed, and civil construction activities are progressing in line with the planned schedule. The execution risk is mitigated to some extent on account of the promoter's established track record in commissioning and operating renewable projects and

low funding risk. As on December 31, 2025 ~96% of the planned equity was infused by the promoter and the off-takers in SPVs of the RG, the debt portion being fully tied up and the debt has also been partially drawn down.

Leveraged capital structure with debt tenor exceeding the lock-in period under the PPAs- The project is expected to have a leveraged capital structure, with a debt-equity ratio of 3:1. The debt tenor (door-to-door tenor of 21 years) extends beyond the PPA lock-in period, thus leading to the risk of cashflow mismatch. The risk is mitigated to some extent as the lock-in period covers 60-70% of the debt tenure and termination clause is in place in the PPAs, ensuring that the termination payment is more than 12 months of debt servicing obligations.

Generation performance vulnerable to the geographical concentration risk of asset - The project is exposed to geographic concentration risk as the entire capacity is in Tiruchirappalli, Tamil Nadu. Factors such as lower-than-expected solar irradiation, excessive rainfall, fog, change in wind patterns etc in the area of operation would affect the entire project capacity.

Exposure to interest rate and regulatory risks - The interest rate on the term loan to be availed by the structure for its projects is floating and subject to regular resets. The fixed tariff under the PPAs and a leveraged capital structure expose the structure's debt coverage metrics to the movement in interest rates. The company's operations are exposed to regulatory risks pertaining to the norms for scheduling and forecasting requirements of solar power projects. However, the risk of variation is relatively low for solar power projects compared to wind power projects. Further, imposition of deviation penalties due to tightening of scheduling and forecasting norms by the regulators could also impact the project cash flows and returns. Also, the pool remains exposed to regulations related to captive power projects and the adverse variation in open access charges, which could impact the competitiveness of the tariff offered. However, the PPAs transfers this risk of change in open access charges to offtakers to a certain extent.

Liquidity position: Adequate

The liquidity is adequate, marked by ~96% of the equity infusion by the promoter and the offtakers. The debt portion of the project cost is also fully tied up and the debt has also been partially drawn down. As the progress of the under-construction project is as per the schedule timelines, it is expected that the capacity will be operational as per the planned SCOD, thus avoiding any major cost overruns. The moratorium period of 9 months from the SCOD provides an additional safeguard to the liquidity. The said moratorium period provides a sufficient buffer time to stabilise and generate adequate cash flows. Further, the liquidity derives support from the DSRA requirement of six months to be fulfilled within 12 months of commissioning of the project. Further, for any cash flow mismatches, the sponsor group is expected to support the project.

Rating sensitivities

Positive factors – ICRA could upgrade the company's ratings if the project under the co-borrower pool is successfully commissioned without any time and cost overruns and demonstrates a satisfactory generation performance in line with the P-90 estimates post commissioning while receiving timely collections from the offtakers on a sustained basis.

Negative factors – The ratings can be downgraded in case of significant delays in commissioning the project under the co-borrower pool or large cost overruns, impacting the project's credit metrics. The ratings may also be downgraded if the actual generation performance, post commissioning, is lower than the P-90 level on a sustained basis, pulling down the cumulative DSCR below 1.2x, or if there are delays in payments from the offtakers for an extended period, impacting its liquidity profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power- Solar and Wind
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of four SPVs as listed in Annexure II as they have a well-defined cash pooling mechanism for surplus cash sharing prior to the due date of debt servicing. The analytical approach also takes into consideration the cross-default clause among the four SPVs, the minimum DSCR requirement of the pool and the financial flexibility available as the pool is backed by the EQT Group (a private equity fund).

About the company

Navia Two Power Private Limited (Navia Two), Navia One Power Private Limited (Navia One), Navia Three Power Private Limited (Navia Three) and Ganeko Six Energy Private Limited (Ganeko Six), together referred to as the RG/pool, are engaged in the business of generation of renewable energy. The pool in total is developing a hybrid renewable energy capacity of 140.23 MW, of which 119.23 MWp pertains to solar energy and the balance 21 MW pertains to wind energy. Navia Two, on an individual basis, has a hybrid capacity of 39.4 MW (Solar: 33.4 MWp; Wind: 6 MW). The project is in developmental stage with the scheduled commercial date being September 30, 2026 and is located at Tiruchirappalli, Tamil Nadu. The total planned cost of the project is ~Rs. 736 crore.

The SPVs – namely Ganeko Six, Navia One, Navia Two and Navia Three – are subsidiaries of Zelestra Netherlands B.V. Further, Zelestra Netherlands B.V is a wholly-owned subsidiary of Zelestra Corporación, S.A.U. , an investee company of EQT, a private equity fund. The Zelestra Group operates under the EQT Infrastructure V Fund.

Key financial indicators (audited): Not applicable as the project is under construction

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							
					FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating		
Term loan	Long-Term	159.78	Feb 03, 2026	[ICRA]A-(Stable)	-	-	-	-	-	-		
Non-fund based – Letter of credit	Short-Term	100.50	Feb 03, 2026	[ICRA]A2+	-	-	-	-	-	-		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Term loan	Simple
Short term – Non-fund based – Letter of credit	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	Long term – Fund based – Term loan	August 2025	NA	FY2047	159.78	[ICRA]A- (Stable)
NA	Short term – Non-fund based – Letter of credit	NA	NA	NA	100.50	[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	Consolidation approach
Ganeko Six Energy Private Limited	Full consolidation
Navia One Power Private Limited	Full consolidation
Navia Two Power Private Limited	Full consolidation
Navia Three Power Private Limited	Full consolidation

Note: ICRA has taken a consolidated view of the companies mentioned above

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