

February 16, 2026

Solalite Power Private Limited: [ICRA]A (Stable) rating assigned

Summary of rating action

Instrument [^]	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loan	1,631.00	[ICRA]A (Stable); assigned
Long term – Non-fund based – Bank guarantee	130.00	[ICRA]A (Stable); assigned
Total	1,761.00	

[^]Instrument details are provided in Annexure I

Rationale

The assigned rating for Solalite Power Private Limited (SPPL) factors in its strong parentage, being a subsidiary of JSW Energy Limited {JSWEL; rated [ICRA]AA (Stable)/[ICRA]A1+}, which is the ultimate holding company (holdco) of the energy business of the Group. JSWEL's credit profile is supported by its large scale of operations and a diversified business profile with presence across thermal, hydro and renewable power generation, power transmission and power trading. The Group has a diversified power portfolio of ~32.06 GW, with an operational capacity of 13.34 GW, under construction capacity of 14.06 GW and remaining ~4.66 GW in the pipeline as on December 31, 2025. The operational 13.34-GW capacity includes 5.66 GW of thermal capacity and 7.68 GW of renewable energy capacity. SPPL's credit profile is expected to benefit from the financial, operational and managerial support from its strong parent.

The rating also factors in the presence of a long-term (25 years) power purchase agreement (PPA) with NTPC Limited {NTPC; rated [ICRA]AAA (Stable)} at fixed tariff of Rs. 3.35 per unit for SPPL's hybrid project of 300-MW contracted capacity (installed solar capacity: 250 MWac/337.5 MWdc and wind capacity: 100.8 MW). The PPA provides long-term revenue visibility and mitigates the offtake and pricing risks. NTPC is an intermediary counterparty and has signed a power supply agreement (PSA) with the state-owned distribution utilities (discoms) of Chhattisgarh.

The ratings draw comfort from the presence of a strong counterparty like NTPC and the payment security mechanism under the PPA, with a provision for letter of credit equal to average one-month billing. Moreover, NTPC is included in the tripartite agreement (TPA) with the Government of India, the Reserve Bank of India and the state governments, which guards against payment delays from the discoms. Further, the additional provisions in the PPA/PSA related to compensation in case of grid curtailment and the termination liability provide comfort. These factors mitigate the counterparty credit risk for the company.

ICRA also notes that SPPL has secured project debt at a competitive rate with an elongated repayment tenure, which along with the tariff competitiveness of the long-term PPA is expected to result in healthy debt coverage metrics for the company. The cumulative debt service coverage ratio (DSCR) on the external debt is estimated at 1.35x over the debt tenure. Moreover, the availability of a one-quarter of debt service reserve account (DSRA) to be created within 12 months of commissioning would support the company's liquidity profile.

However, the rating is constrained by the exposure to execution risks as the project under SPPL is under construction. The project is now scheduled to commission in January 2027, against June 2026 scheduled earlier. Nonetheless, the strong track record of the Group in developing renewable power projects, coupled with the partial acquisition of the required land, mitigates this risk to a certain extent. A timely completion of the land acquisition, construction work and evacuation infrastructure within the budgeted cost and time would remain an important credit monitorable.

The project commissioning will be shifted from its original scheduled commissioning in June 2026 on account of the unavailability of transmission infrastructure for power evacuation. The PPA as well as the PSA allow for an automatic extension in the SCOD on account of delays in getting the power evacuation infrastructure ready. As a result of this delay, any implication on the applicability of transmission charges will be borne by the Chhattisgarh State Power Distribution Company Limited

(CSPDCL). Any change from this understanding that could impact the net tariff realisation for the project will remain a key monitorable.

The project is being implemented at a total estimated cost of ~Rs. 2,174 crore through a debt-equity mix of 75:25. The company has secured a project debt of Rs. 1,631 crore at a competitive cost with a long tenure of 21 years, including a moratorium period of one year. The rating is also constrained by stabilisation risk. A solar and wind project typically takes 6-12 months post commissioning to stabilise. Post commissioning, the company's cash flows and debt protection metrics would remain sensitive to its generation performance, given the single-part tariff under the PPA. This constraint would be amplified by the geographic concentration of the asset. Any adverse variation in weather conditions and equipment performance can impact the generation levels and consequently the cash flow. The demonstration of a generation performance in line or above the appraised P-90 PLF levels remains a key credit monitorable for SPPL.

The company is also exposed to interest rate risks, given the leveraged capital structure and floating interest rate, subject to regular resets. Further, the company's operations remain exposed to regulatory risks associated with forecasting and scheduling regulations for wind and solar projects.

The Stable outlook assigned to the long-term rating factors in expectations of a timely progress in the construction of the project, given the strong track record of the Group in executing renewable energy projects, along with the support available from the parent to meet the funding requirements.

Key rating drivers and their description

Credit strengths

Experienced and strong sponsor having past track record in implementing renewable energy projects – SPPL is a step-down subsidiary of JSWEL, a leading company in the power sector with presence across thermal, hydro and renewable power generation, power transmission and power trading businesses. The RE segment remains JSWEL's focus of growth. As on December 31, 2025, JSWEL had an operating generation capacity of 13.34 GW [thermal (42.4%), hydro (12.4%) and renewable energy (45.3%)] and an under-construction capacity of ~14.06 GW. ICRA draws comfort from JSWEL's strong operational and financial linkages with SPPL and a demonstrated track record of the Group in developing and operating renewable energy power projects. Also, JSW Neo Energy Limited (JSWNE/intermediate holdco) has extended an undertaking for SPPL's term loan facilities to support the project in case of any cost overrun and shortfall in DSRA creation. It also enjoys strong financial flexibility from SPPL being part of an experienced and resourceful promoter group.

Revenue visibility from long-term PPA at a fixed tariff – The company has entered into a long-term PPA with NTPC for a tenure of 25 years at a fixed tariff of Rs. 3.35/kWh for its hybrid power project. The long tenure of the PPA provides revenue visibility and limits demand and tariff-related risks. Additionally, the debt tenure of COD plus 21 years (including a one-year moratorium) is aligned with the project's cash flows, supporting financial stability.

Low counterparty risk due to presence of a strong offtaker – The presence of a strong counterparty like NTPC and the payment security mechanism under the PPAs with a provision for letter of credit equal to average one month billing provide rating comfort. Moreover, comfort can be drawn from the presence of a termination payment clause in the PPA, ensuring fair compensation to SPPL. Further, the competitive tariff offered by the project is a positive.

Healthy debt coverage metrics – The project's financial risk profile is supported by expectations of comfortable debt coverage metrics post commissioning, with a cumulative DSCR of above 1.35x over the debt tenure, aided by a reasonable PPA tariff, a long debt repayment period and the competitive interest rates. The liquidity position is also expected to remain adequate, backed by the availability of required funding for project completion, a one-year moratorium with principal repayments starting from March 2028, and the proposed creation of a one-quarter debt service reserve (DSR) within 12 months of commissioning.

Credit challenges

Project exposed to execution risks – The company remains exposed to project execution risks as it is in under construction. The company has secured connectivity approval for the project and 100% of land acquisition for the wind capacity has been completed. The land acquisition for the solar capacity is under process. The project’s scheduled commissioning is in January 2027. Going forward, a timely completion of the land acquisition, construction work and evacuation infrastructure within the budgeted costs would remain key a monitorable for the company. However, the risk is mitigated by the strong track record of the Group in developing renewable power projects.

Sensitivity of debt metrics to energy generation levels and interest rate fluctuations – The project capacity is concentrated at a single location in Gujarat, which exposes the project to site-specific risks, including variability in solar irradiance and wind density. Given the single-part tariff in the PPA, any adverse variation in generation impacts the company’s cash flows and debt servicing metrics. Additionally, the project remains exposed to interest rate risk, given the variable interest rate structure under the financing arrangement. Any upward movement in interest rates would adversely impact the debt servicing metrics.

Exposure to regulatory risks – The regulatory framework prescribed by the state electricity regulatory commission charges penalty for variation between forecasted and actual generation beyond a certain threshold for solar and wind power projects. These regulations would expose the company to the risk of penalties impacting cash flows and debt metrics as solar and wind generation is vulnerable to weather conditions.

Liquidity position: Adequate

The liquidity of the company is expected to remain adequate, given the timely infusion of equity support from the promoters/affiliates as well as a tie-up of 100% debt towards funding the project cost. The remaining debt is expected to be drawn up over the coming months based on the project’s progress. It is to be noted that company has a timeline buffer as the principal repayment will start from March 2028, whereas the project is expected to achieve commissioning by January 2027. Also, a debt service reserve (DSR) of one quarter will be created within 12 months of commissioning of the project.

Rating sensitivities

Positive factors – ICRA could upgrade SPPL’s rating if the project is commissioned without any major time or cost overruns. Post commissioning, the demonstration of a generation performance in line or above the P-90 estimate on a sustained basis, leading to healthy debt coverage metrics, and maintenance of adequate liquidity would be a trigger for upgrade. The rating also remains sensitive to the credit profile of its ultimate parent, JSWEL.

Negative factors – The rating could be downgraded in case of delays in commissioning the project, resulting in time or cost overruns and impacting the company’s debt coverage metrics. Also, the rating may be affected if the generation performance is lower than the estimated levels, post commissioning, or if there are delays in payments from the offtaker impacting its liquidity position. Further, any weakening of linkages with the parent or a deterioration of the credit profile of the parent will be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power – Solar and Wind
Parent/Group support	ICRA expects SPPL’s ultimate parent, JSWEL, to be willing to extend financial support to SPPL, should there be a need, given the strategic importance that SPPL has for JSWEL, and out of its need to protect its reputation from distress in a Group entity
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

Solalite Power Private Limited, incorporated on July 30, 2020, is in the business of power generation through renewable energy sources. A PPA was signed between SPPL and NTPC Limited on June 27, 2024, for a term of 25 years from COD for the supply of power from a 300-MW wind-solar hybrid project that consists of 250-MWac (337.5 MWdc) solar capacity and 100.8-MW wind capacity at Lakadiya in the Kutchh district of Gujarat. The project is sponsored by JSW Energy Limited.

Key financial indicators (Audited)- Not material 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

Instrument	Type	Current year (FY2026)		Chronology of rating history for the past 3 years							
		Amount rated (Rs. crore)	Feb 16, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	1,631.00	[ICRA]A (Stable)	-	-	-	-	-	-	-	-
Bank guarantee	Long term	130.00	[ICRA]A (Stable)	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Term loan	Simple
Long term – Non-fund based – Bank guarantee	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	FY2026	8.40%	FY2048	1,631.00	[ICRA]A (Stable)
NA	Bank guarantee	NA	NA	NA	130.00	[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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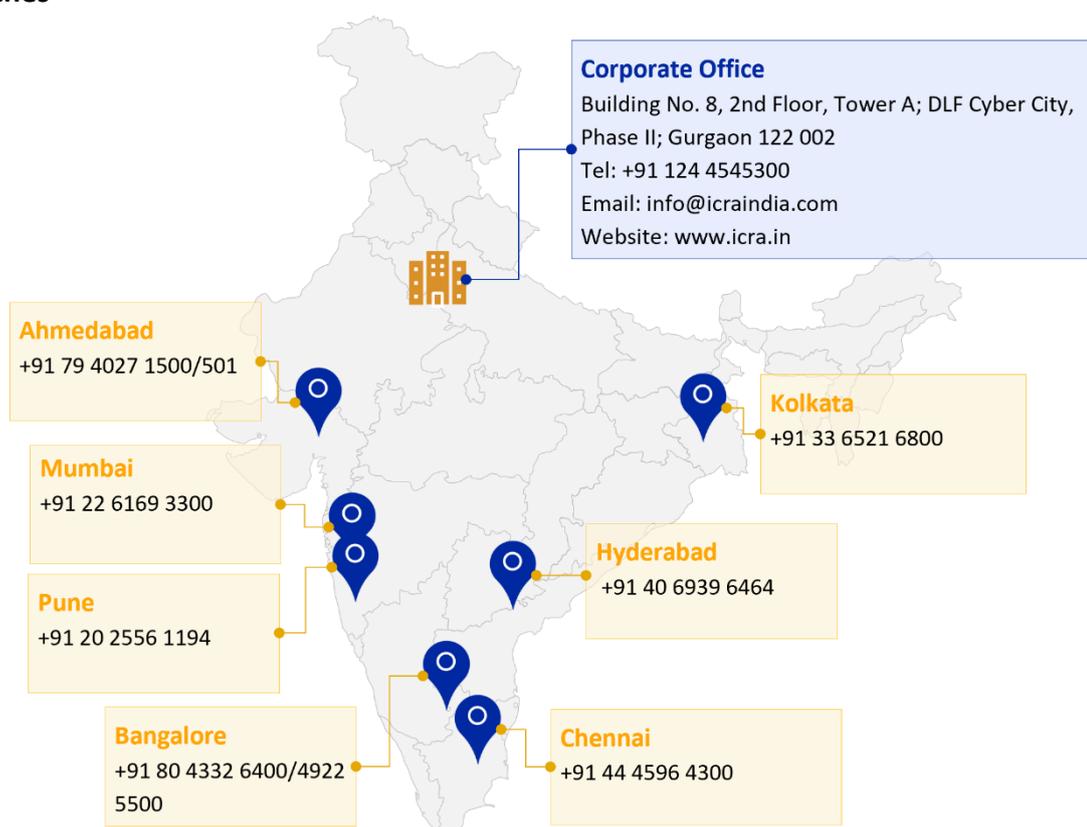
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