

February 23, 2026

Sunsure Solarpark Sixteen Pvt Ltd: [ICRA]A- (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	51.90	[ICRA]A- (Stable); assigned
Total	51.90	

*Instrument details are provided in Annexure I

Rationale

The assigned rating of [ICRA] A- (Stable) on the bank facilities of Sunsure SolarPark Sixteen Private Limited (SS16) factors in the availability of 25-year long-term (LT) power purchase agreements (PPA) for 75% capacity of its 18-MWp solar power project at a fixed tariff, providing long-term revenue visibility. The long-term PPA tie-up for the balance capacity is expected in the near term. SS16 has executed LT PPAs at competitive tariffs with two reputed commercial and industrial (C&I) clients under the group captive mode. The clients have satisfactory credit profiles, mitigating the counterparty credit risk. The payments from the customers have been timely with an average collection period of ~10 days.

The rating favourably factors in the healthy generation performance, with the generation performance being close to the P-90 levels since its commissioning (CoD) in June 2024 and above the P-90 levels for last 12 months (LTM) from December 2025, supporting healthy cash flow from operations. This is also supported by the in-house operations and maintenance (O&M) services provided by its experienced parent, Sunsure Energy Private Limited (SEPL). Further, SS16 has refinanced its term loan facility in October 2025 with a competitive interest rate and a long repayment tenure of 19 years, leading to a tail period of ~5 years for the project. Given the stable generation performance, the long-term PPAs and an amortising debt structure, the company's debt coverage metrics are expected to remain adequate, with the cumulative debt service coverage ratio (DSCR) seen to remain above 1.25x over the debt tenor. Going forward, sustaining the generation performance above the P-90 estimate over a longer period will remain an important credit consideration.

Additionally, the sponsor, SEPL (holding company), has an established track record in developing and operating solar power projects in India which provides SS16 with enhanced financial flexibility and access to strong managerial expertise. SEPL is backed by Partners Group that has committed to invest \$400 million in SEPL for the development of renewable projects in India. SEPL has an operational renewable portfolio of ~475 MWp as of January 2026 and this is expected to be scaled up to ~2 GWp by FY2027.

ICRA notes that the financing documents provide for sponsor-driven liquidity support among SS16, Sunsure Solarpark Five Private Limited (SS5) and Sunsure Solarpark Ten Private Limited (SS10), whereby the sponsor, SEPL, shall infuse funds into any SPV facing a debt servicing shortfall, subject to surplus availability in the other SPVs. Such infusions are repayable to the sponsor, subject to surplus availability in the other SPVs and are not constrained by restricted payment conditions. This mitigates the risk of cashflow mismatch in the SPV due to force majeure events or region-specific issues to some extent. However, there is no contractual surplus-sharing arrangement among the SPVs themselves, no direct inter-SPV obligation, and no defined invocation or repayment timelines under this framework. Accordingly, ICRA has taken a standalone rating approach for SS16.

The rating is, however, constrained by risk emanating from the debt tenor being longer than the lock-in period of the PPAs (15-years), which exposes it to cash flow mismatches after the lock-in expiry. Further, the company also remains exposed to tariff risk for the untied portion, which may be sold through power exchanges or short-term bilateral arrangements. Any shortfall in realised tariffs relative to the long-term contracted rates could adversely affect the debt coverage metrics.

Nevertheless, comfort is derived from the competitive tariffs offered by the project, which provides substantial savings to customers vis-a-vis the grid tariffs.

The rating is also constrained by the vulnerability of SS16's cash flows and debt protection metrics to the variability in its generation performance. SS16 operates at a single location. Hence, any adverse variation in weather conditions and deterioration in module efficiency may impact the PLF levels and consequently affect its cash flows as the PPA tariff is single part and fixed in nature. Further, the rating remains constrained by the exposure of the company's debt coverage metrics to the movement in interest rate on the project debt, which is partly mitigated due to fixed interest rate with periodic reset. Any increase in interest rates will adversely impact the company's debt coverage metrics and remain a key credit consideration. Also, the rating is constrained by regulatory risks associated with scheduling and forecasting requirements, open access regulations and group captive policy. Any adverse changes in open access charges could impact the competitiveness of the tariff offered by SS16.

The Stable outlook factors in the revenue visibility from the long-term PPA and a satisfactory generation performance, which is expected to keep the debt protection metrics adequate. The outlook is also supported by the timely receipt of payments from the offtakers, which is expected to help maintain a comfortable liquidity headroom, going forward.

Key rating drivers and their description

Credit strengths

Long-term PPAs with offtakers having satisfactory credit profiles mitigate the counterparty and offtake risks – SS16 has signed 25-year PPAs for 75% of its plant capacity with two reputed C&I offtakers, at fixed tariff which provides significant savings to the offtakers vis-à-vis grid tariff, while the PPA tie-up for balance capacity is expected in near-term. The PPAs have a competitive tariff and lock-in period of 15-years, thus limiting the demand/ tariff risks and providing high revenue visibility. Also, comfort is drawn from the satisfactory credit profiles of the offtakers leading to timely realisation of invoices, by the offtakers.

Adequate debt coverage metrics, supported by healthy generation performance – The generation performance for SS16 has remained satisfactory, with PLF performance being close to P90 levels since its commissioning (CoD) in June 2024 and being above P90 levels for last twelve months (LTM) from December 2025. This is further supported by the presence of an experienced O&M partner, SEPL, who is also the parent of SS16. SS16 has refinanced its term debt at a competitive rate of interest from NIIF Infrastructure Finance Limited (NIIF IFL), with a comfortable repayment period of 19 years in an amortising structure. Given the satisfactory generation performance, the debt coverage metrics for the project are expected to remain adequate with the cumulative DSCR estimated to be above 1.25x over the debt tenure.

Strong parentage and managerial support from SEPL – SS16's status as subsidiary of SEPL, which is a part of the Partners Group portfolio, lends it a strong financial flexibility and access to its managerial expertise. SEPL, has an established track record in developing and operating solar power projects in India. SEPL has an operational renewable portfolio of ~475 MWp as of January 2026 and is expected to be scaled up to 2 GWp by FY2027. SEPL is backed by Partners Group, that has committed to invest \$400 million in SEPL for the development of renewable projects in India. Partners Group, a global private markets investor with asset under management of ~\$174 billion, has acquired majority shareholding of SEPL in FY2023.

Credit challenges

Offtake risk for partial capacity; risk of cash flow mismatch due to shorter PPA lock-in period vis-à-vis debt tenure – Long-term PPAs have been secured for approximately 75% of the project capacity. The company remains exposed to tariff risk for the untied portion, which is being sold through short-term bilateral arrangements. Any shortfall in realised tariffs relative to the long-term contracted rates could adversely affect the debt coverage metrics. Additionally, the 15-year lock-in period (residual lock-in period of ~13 years) under the PPAs, compared to the ~18-year residual debt tenure, leads to the possibility

of cash flow mismatch risks, post the lock-in. These risks are partially mitigated by the competitive tariff, the parent SEPL's established track record in securing PPAs with reputed C&I clients and the contractual notice period, which provides adequate time to renegotiate or replace the counterparties.

Cash flows exposed to vulnerability of solar irradiance levels and interest rate environment – The power production and cash flow generation of solar power projects is contingent upon the solar irradiance levels. Given the fixed part nature of the tariff and the single-asset operations, any adverse variation in the irradiance levels could constrain the cash flows. Nevertheless, comfort can be drawn from the satisfactory performance of the company so far. Further, the debt coverage metrics remain vulnerable to the adverse variation in interest rates on loans.

Regulatory risk – The solar power project has been set up under the group captive model, wherein the power produced by the company is exempted from cross-subsidy surcharge/additional surcharge. These exemptions make the current landed tariff for the offtakers competitive against the grid tariff. However, the tariff remains exposed to industry-specific risks associated with regulatory changes, which may result in such charges being levied in the future. While the provisions in the PPAs ensure pass-through of such charges to the offtakers, the competitiveness of the project's tariff against the grid tariff could be moderated.

Liquidity position: Adequate

SS16's liquidity profile is expected to remain adequate, supported by comfortable cash flow from operations vis-à-vis its debt servicing obligations in FY2026/2027. Further, as on December 31, 2025, SS16 had free cash and bank balances of ~Rs. 2.70 crore and another Rs. 1.78 crore of debt service reserve (DSRA) for debt servicing, providing additional comfort.

Rating sensitivities

Positive factors – The rating can be upgraded if SS16 is able to consistently demonstrate generation above the P-90 level, along with securing a LT PPA for balance untied capacity and ensuring timely payments by all offtakers, leading to an improvement in the debt coverage metrics on a sustained basis.

Negative factors – Pressure on rating would arise if underperformance in generation weakens cumulative DSCR below 1.2 times. Also, delays in payments realisation from the offtakers adversely impacting the liquidity profile of the company would be a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Sunsure SolarPark Sixteen Private Limited (SS16) was incorporated on May 31, 2020. The company is a subsidiary of Sunsure Energy Private Limited (SEPL). SEPL holds 61.72% of SS16 and the rest is held by its offtakers. SS16 is an independent power producer (IPP) engaged in the business of renewable power supply to its offtakers under long-term PPAs. SS16 operates an 18-MWp solar power project at Garautha village in the Jhansi district of Uttar Pradesh. The project was commissioned on June 15, 2024, and has 25-year long-term power purchase agreements (PPA) with industrial offtakers at fixed and competitive tariffs, which provide substantial savings to consumers vis-à-vis the grid tariff.

Key financial indicators (audited)

SS16 - Standalone	FY2025
Operating income	7.2
PAT	0.8
OPBDITA/OI (%)	87%
PAT/OI (%)	11%
Total outside liabilities/Tangible net worth (times)	5.4
Total debt/OPBDITA (times)	9.5
Interest coverage (times)	2.0

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; Total debt is inclusive of external term debt, loans from parent company (SEPL) and lease liabilities.

Note: Project was commissioned in FY2025, thus the KFI for FY2024 is not meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Feb 23, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	51.90	[ICRA]A- (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	Long term fund based – Term loan	October 2025	-	FY2045	51.90	[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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