January 20, 2026

Radiance KA Sunrise One Private Limited: Rating downgraded to [ICRA]BBB+ (Negative)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based – Term loan	15.77	15.77	[ICRA]BBB+(Negative); downgraded from [ICRA]A-(Negative)
Total	**15.77**	**15.77**	

Instrument details are provided in Annexure I

Rationale

The rating downgrade of Radiance KA Sunrise One Private Limited (KAS1) considers a moderation in the credit profile of the parent entity, Radiance Renewable Private Limited {RRPL, [ICRA]BBB+(Negative)/ [ICRA]A2; revised from [ICRA]A- (Negative) /[ICRA]A2+}. Further, the Negative outlook on the rating reflects the Negative outlook on the parent, RRPL.

In line with ICRA's methodology on rating co-obligor structures having a defined mechanism for the sharing of surplus cash flows prior to the due date of debt servicing among the cash pooling special purpose vehicles (SPVs), the rating approach for KAS1, Radiance KA Sunrise Two Private Limited (KAS2) and Radiance MH Solar Power Private Limited (MS Power), collectively referred to as the pool, are assessed on a consolidated basis and the rating is assigned on a consolidated basis, after factoring in the implicit support from the parent. Moreover, the three SPVs have cross-default linkages among them and parent RPPL. The three SPVs together operate 20 MWp of solar power capacity.

The company benefits from being part of a cash pooling mechanism with the other SPVs in the pool i.e. KAS2 and MS Power, wherein surplus cash from either of the SPVs can be used to meet the shortfall in debt servicing obligations for the other SPVs. The rating factors in the limited demand and tariff risks for the pool, given the availability of long-term power purchase agreements (PPAs) with industrial customers at largely fixed tariffs. Given the group captive status of the SPVs in the pool, the offtaker is exempted from the payment of cross-subsidy surcharge (CSS) and additional surcharge (AS), which makes the landed tariffs from the projects highly competitive against the grid tariff, for all the offtakers. The rating also factors in the satisfactory credit profile of the customers, leading to timely payments.

ICRA takes note of the geographically diversified capacity across Karnataka and Maharashtra and the satisfactory track record of operations for the pool. The DC plant load factor (DC PLF) of the pool for the trailing 12 months (TTM) ended November 2025 is at 16.82% against a P-90 estimate of 17.37%. The shortfall was primarily driven by irradiation volatility and module degradation, despite healthy machine and grid availability. Nonetheless, the generation remains close to the P-90 estimate, leading to adequate debt coverage metrics. The debt coverage metrics of the pool are expected to remain adequate with a cumulative debt service coverage ratio (DSCR) above 1.2x, driven by the availability of long-term PPAs and a satisfactory generation performance.

The rating is, however, constrained by the exposure of the generation performance of the solar projects to module 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. Further, the pool remains exposed to tariff renewal risks as the PPA lock-in period is shorter than the debt tenure, exposing it to the possibility of cash flow mismatches. ICRA also notes that the pool's debt coverage metrics are exposed to adverse variation in interest rates, given the leveraged capital structure. Also, the pool would remain exposed to variation in open access charges or regulations, which may impact the landed cost of electricity for the group captive consumers.

Key rating drivers and their description

Credit strengths

Access to cash surplus from cash pooling mechanism with KAS2 and MS Power– The company benefits from being part of a cash pooling mechanism with the other SPVs in the pool i.e. KAS2 and MS Power, wherein surplus cash from either of the SPVs can be used to meet the shortfall in debt servicing obligations for the other SPVs. This pool has three solar power assets with an aggregate capacity of 20 MWp, distributed across Karnataka and Maharashtra.

Long-term PPAs with offtakers having satisfactory credit profiles mitigate the counterparty, offtake and price risks – All the SPVs in the pool are backed by long-term PPAs for 25 years with well-established offtakers having satisfactory credit profiles, thus providing visibility to stable cash flows in the long term. Further, the PPAs have a lock-in period of 15 years with a fixed and competitive one-part tariff, mitigating the price risk for the projects. Also, comfort is drawn from the timely realisation of invoices for all the SPVs, in line with PPA terms, in the last 12 months.

Adequate debt coverage metrics- The debt coverage metrics of the pool is expected to remain adequate with a cumulative DSCR above 1.2x over the debt tenure, supported by the availability of long-term PPAs and a satisfactory generation performance. The debt coverage metrics, while currently adequate, remain susceptible to the volatility in cash flows. These are contingent on the solar irradiation levels and operating expenses staying within budgeted norms. Any material deviation, such as lower generation due to irradiation variability or higher-than-expected O&M expense, could weaken the coverage and result in a breach of the financial covenant of minimum DSCR of 1.1x at the SPV level and 1.15x at the pool level.

Credit challenges

Risk of cash flow mismatch with debt tenure being higher than PPA lock-in period - The PPAs have a lock-in period of 15 years (residual lock-in period of ~12 years) against a residual debt tenure of ~15 years, giving rise to risks associated with PPA renewal and cash flow mismatch. Nevertheless, comfort can be drawn from the competitive tariffs offered by the company, and the demonstrated track record of sponsor RRPL in securing PPAs with major C&I clients. Further, the notice period at the end of the lock-in period ensures sufficient cushion in time to re-negotiate or replace customers.

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, any adverse variation in the irradiance levels could constrain the cash flows. Nevertheless, comfort can be drawn from the satisfactory performance of the pool so far. Further, the debt coverage metrics are also exposed 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 and the pool is exempted from cross-subsidy surcharge/additional surcharge. These exemptions make the current landed tariff for the offtaker 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 of the PPA ensure pass-through of the levy of such charges to the offtakers, the competitiveness of the project’s tariff against the grid tariff will be moderated. Hence, the company’s ability to form a cost-reflective tariff at the end of the lock-in period (FY2037) will remain a key monitorable from a credit perspective.

Liquidity position: Adequate

The liquidity position of the pool is expected to remain adequate, with a DSRA of two-quarters' debt obligations in place (Rs. 4.53 crore in the form of fixed deposits) and an unencumbered cash & bank balance of Rs. 1.81 crore as on November 30, 2025. The liquidity is aided by positive cash flow from operations on the back of the long-term PPAs at a fixed rate for the solar power projects and expectation of timely receipt of payments from the customers. ICRA expects RRPL to support the pool in case of any shortfall in debt servicing.

Rating sensitivities

Positive factors - Given the Negative outlook, an upgrade is unlikely in the near term. However, ICRA could change the outlook to Stable or upgrade the rating, based on an improvement in the credit profile of the parent, Radiance Renewables Private Limited.

Negative factors – Pressure on the rating could arise if the actual PLF remains lower than the P-90 PLF on a sustained basis, leading to cumulative DSCR falling below 1.15x. Further, any significant delays in receiving payments from the offtakers adversely impacting the company's liquidity profile would be a negative factor. The rating could also be revised downwards if the linkages with the parent weaken, and/or the credit profile of its parent i.e., Radiance Renewables Private Limited, deteriorates.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Power - Solar and Wind](#)
Parent/Group support	The rating factors in implicit support from the parent, Radiance Renewables Private Limited, given the business linkages, strategic importance and the willingness shown by the parent to support the pool/SPVs
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of the entity

About Radiance KA Sunrise One Private Limited

Radiance KA Sunrise One Private Limited (KA One) is a subsidiary of Radiance Renewables Private Limited (RRPL), which is the holding company of the Radiance Group. KAS1 has set up a 4-MW (AC)/5.8MWp (DC) ground-mounted solar power project in Karnataka under the group captive mode. The project was commissioned in October 2021 and the commercial operations started in January 2022. A long-term PPA has been signed with MSPL Limited with a lock-in period of 15 years and a tenure of 25 years. RRPL holds a 74% equity in KAS1, while the remaining is held by MSPL Limited.

About the cash pooling structure

Under the cash pooling portfolio, there are 3 SPVs – KAS1, KAS2 and MS Power. The cash pooling SPVs are a part of the Radiance Group, which is present in the solar sector in India and is backed by GGEF. GGEF has NIIF and the UK Government (through FCDO) as its anchor investors. GGEF is managed by EverSource Capital, which is 50:50 joint venture of EverStone Capital and Lighthouse BP.

Key financial indicators (audited)

Consolidated – KAS1, KAS2 & MS Power Cash Pooling	FY2024	FY2025
Operating income	11.2	11.1
PAT	-2.0	0.3
OPBDIT/OI (%)	78.2%	81.5%
PAT/OI (%)	-18.3%	2.9%
Total outside liabilities/Tangible net worth (times)	3.5	3.3
Total debt/OPBDIT (times)	7.3	6.7
Interest coverage (times)	1.1	1.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation.

KAS1(Standalone)	FY2024	FY2025
Operating income	2.8	3.0
PAT	-0.8	0.0
OPBDIT/OI	74.6%	80.6%
PAT/OI	-26.7%	0.7%
Total outside liabilities/Tangible net worth (times)	2.9	2.8
Total debt/OPBDIT (times)	7.87	6.65
Interest coverage (times)	1.0	1.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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)	Jan 20, 2026	July 31, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	15.77	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	Feb-10-25	[ICRA]A (Stable)	Jan-03-24	[ICRA]A (Stable)	Nov-16-22	[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	**Term loan**	June 2023	NA	FY2041	15.77	[ICRA]BBB+ (Negative)

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
Radiance KA Sunrise one Private Limited	Full consolidation
Radiance KA Sunrise two Private Limited	Full consolidation
Radiance MH Solar Power Private Limited	Full consolidation

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

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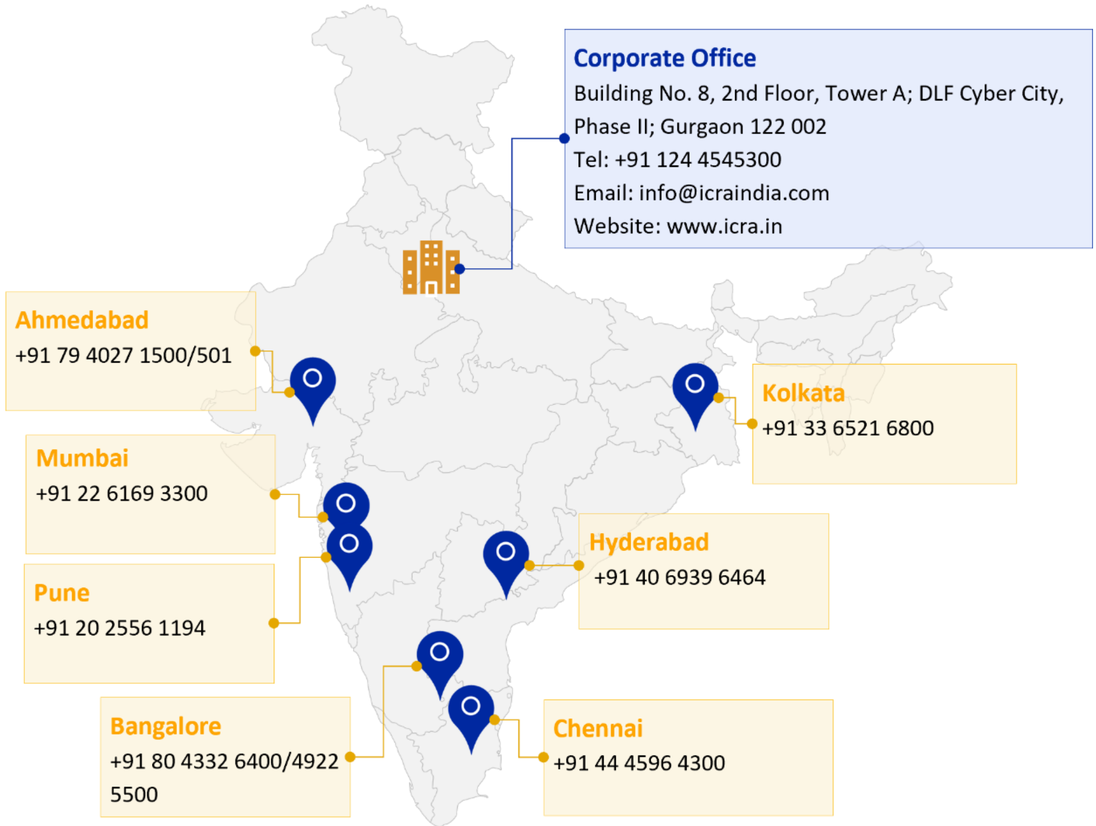

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