March 26, 2025

Ayana Renewable Power Private Limited: Rating assigned for proposed NCD programme; long-term rating continues on watch with positive implications; short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term –Non-fund based limits	1,600.00	1,600.00	[ICRA]AA-; continues on rating watch with positive implications/[ICRA]A1+; reaffirmed
Short term –Fund/Non-fund based limits	210.00	210.00	[ICRA]A1+; reaffirmed
Short term -Fund-based limits	12.00	12.00	[ICRA]A1+; reaffirmed
Long term/Short term - Unallocated limits	1578.00	1578.00	[ICRA]AA-; continues on rating watch with positive implications/[ICRA]A1+; reaffirmed
Long term – Fund-based – Term loan	600.00	600.00	[ICRA]AA-; continues on rating watch with positive implications
Proposed non-convertible debentures (NCD)	-	150.00	[ICRA]AA-; rating watch with positive implications; assigned
Total	**4,000.00**	**4,150.00**	

**Instrument details are provided in Annexure I*

Rationale

The long-term rating continues on watch with positive implications as ONGC NTPC Green Private Limited (ONGPL), a 50:50 joint venture company of ONGC Green Limited (OGL) and NTPC Green Energy Limited (NGEL), announced the acquisition of a 100% equity stake in Ayana Renewable Power Private Limited (ARPPL) for an enterprise value of ~Rs. 19,500 crore ($2.3 billion) on February 12, 2025. OGL is a subsidiary of Oil and Natural Gas Corporation Limited {rated [ICRA]AAA (Stable)/[ICRA]A1+} and NGEL is a subsidiary of NTPC limited {rated [ICRA]AAA (Stable) /[ICRA]A1+}. ONGPL has signed a share purchase agreement with the existing sponsors - National Investment and Infrastructure Fund (NIIF), BII South Asia Renewables Limited (BII), British International Investment Plc, CDC India Opportunities Limited and Eversource Capital managed Green Growth Equity Fund (GGEF) - for the acquisition. The acquisition is subject to the completion of the condition precedents and other terms and conditions, as per the share purchase agreement executed between the parties and approvals, as may be required under applicable laws. The proposed acquisition by a strong sponsor is expected to strengthen the credit profile of the company. ICRA will continue to monitor the developments and resolve the rating watch after the acquisition is completed.

The ratings continue to positively factor in the superior financial flexibility offered by its strong sponsors. The Group's operating renewable power portfolio stood at 1.6[1] GW as of November 2024, which increased from 1.29 GW as of July 2023. The Group has another ~2.5 GW under development, comprising solar, wind, hybrid & round-the-clock (RTC) renewable assets with firm power purchase agreements (PPAs). The Group expects to commission the under-development assets by FY2027. Equity infusion from the sponsors along with cash surpluses from the existing projects and the debt availed at ARPPL's level would enable the platform to expand its portfolio to over 4.1 GW[2].

[1] *Operational capacity stands at 1.84 GW, including the partial commissioned capacity*

[2] *Including operating, under-construction and capacity oversizing for the 400-MW round-the-clock (RTC) renewable projects. Throughout the rationale, the capacities include the oversized AC capacity for 400-MW RTC projects. It also includes 500-MW capacity to be set up in joint venture (JV) with IRCON International Limited (IRCON)*

The ratings continue to favourably factor in the long-term PPAs at fixed tariffs for the entire capacity and the superior tariff competitiveness for the ultimate offtaker utilities for most of the projects, leading to low offtake risks for the special purpose vehicles (SPVs) of ARPPL.

The ratings also factor in the low counterparty credit risk profile of the Central Government entities, i.e. NTPC Limited, Solar Energy Corporation of India Limited (SECI) and the Indian Railways, along with the strong counterparties such as Gujarat Urja Vikas Nigam Limited and an industrial customer, who account for ~87% of ARPPL's overall portfolio, and the strengths emanating from the relatively superior PPAs with NTPC and SECI. The ratings further take comfort from the satisfactory generation track record of the operating assets with majority of them performing in line with or close to the P-90 level. Nonetheless, the ability of the operational as well as the to-be-commissioned assets to demonstrate a generation performance in line or above the appraised estimate on a sustained basis remains a key monitorable.

The ratings are constrained by the exposure to execution risks as the Group has considerable project capacity under implementation. The company's ability to secure the required approvals/land and commission the projects as per the applicable timelines and budgeted cost remains a key monitorable from a credit perspective. Also, the company is exposed to the movements in solar module prices and foreign exchange rates, though the latter is largely mitigated by the Group's hedging policy. The pending capital expenditure (capex) for the under-construction portfolio under the various SPVs is expected to be funded through 75-80% debt and the remaining through equity infusion from the holding company.

ICRA notes that ARPPL plans to raise up to Rs. 2,000-crore debt[3] over the next two years in the form of a revolving line of credit on its books to part fund the project SPVs' equity requirements. While this would increase the consolidated leverage level of ARPPL and moderate the debt coverage metrics, comfort is drawn from the growing asset base and a satisfactory generation performance of the portfolio. This is expected to result in surplus cash generation at the SPV level, which can be upstreamed to ARRPL after the approval of the lenders at the SPV level and subject to meeting the financial covenants. Any further increase in leveraging on the books of the holding company to fund the project SPVs' requirements will remain a key rating sensitivity.

The ratings also consider the counterparty credit risk for certain projects that are exposed to the state distribution utilities (discoms) of Karnataka, Maharashtra, and Tamil Nadu, given their modest financial position. Nonetheless, the collection cycle has improved after the implementation of the Late Payment Surcharge (LPS) scheme and comfort can be drawn from the limited exposure (13% of ARPPL's portfolio) to these state discoms. Given the single-part fixed tariff in the PPAs and the variability of solar and wind generation, the operations of ARPPL's SPVs and in turn, their cash flows, remain sensitive to the variation in solar irradiation, wind availability and weather conditions.

The company's debt coverage metrics remain exposed to interest rate risk, given the single-part fixed PPA tariff and a leveraged capital structure. The ratings further factor in the risks pertaining to the applicability of the scheduling and forecasting framework for renewable energy projects.

Key rating drivers and their description

Credit strengths

Healthy financial flexibility by virtue of strong sponsors – The Ayana Group is currently backed by NIIF (51%), BII (32%) and GGEF (17%). Further, on February 12, 2025, ONGPL announced the acquisition of a 100% equity stake in ARPPL. The acquisition is subject to the completion of the condition precedents and other terms and conditions, as per the share purchase agreement executed between the parties and approvals, as may be required under applicable laws. The proposed acquisition by a strong sponsor is expected to strengthen the credit profile of the company.

Low offtake risks supported by long-term PPAs and superior tariff competitiveness for ultimate offtakers - Long-term PPAs at fixed rates with a tenure of 25 years have been signed for the entire capacity. This provides visibility to the revenues and mitigates any demand and tariff risk. The weighted average tariff of the portfolio is cost competitive for the ultimate offtakers

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[3] *proposed NCD rated is part of this debt*

at Rs. 2.83/unit, remaining well below the average power purchase cost of the discoms, which is above Rs. 4.5 per unit across states.

Low counterparty credit risk with majority of the exposure to strong Central counterparties – The counterparty credit risk for the company is low as NTPC and SECI are the offtakers for ~35% of the Group's capacity. Both these entities have strong credit profiles, reflected in their credit ratings ([ICRA]AAA (Stable)/[ICRA]A1+). NTPC and SECI are Central public sector undertakings (CPSUs), wherein the receivables are secured through tripartite agreements (TPA) among the GoI, the state governments and the Reserve Bank of India. NTPC and SECI are intermediaries and have signed power supply agreements (PSA) with the state-owned distribution utilities as the ultimate offtakers. Within the balance portfolio of ~65%, about 36% is tied up with the Indian Railways, ~3% with Gujarat discoms and ~8% is with an industrial customer, wherein the payments are expected to be timely.

Satisfactory operational track record of operating assets – The assets acquired from the First Solar Group (40 MW), Renew Group (300 MW), ACME Group (250 MW), Phelan Group (50 MW) and Rays Power Group (100 MW) have a track record of more than three years. Further, ARPPL has commissioned two assets of 550 MW with an operating track record of two to three years and one asset of 300 MW with a track record of around one year. The generation performance of the assets remains largely satisfactory, with the weighted average PLF remaining close to the appraised estimate in the current year and FY2024. Going forward, the company's ability to improve and sustain the generation performance of the assets remains a key monitorable.

Credit challenges

Execution risks for under-development assets - The projects under ARPPL remain exposed to project execution risks as ~2.5-GW capacity is under development. The company's ability to secure the required approvals/land and commission the projects as per the applicable timelines and budgeted cost remains critical. A timely achievement of the financial closure for the under-construction capacity and the availability of long-tenured debt at cost competitive rates are also important. Further, the company is exposed to the movements in solar module prices and foreign exchange rates, though the latter is mitigated to a large extent by the hedging policy of the Group.

Exposure to variation in interest rates, PLFs and leveraging levels - The debt metrics for solar & wind power projects remain sensitive to the PLF level, given the one-part tariff structure under the PPA. Hence, any adverse variation in weather conditions and/or module/WTG performance may impact the PLF and consequently the cash flows. ARPPL's ability to ensure a satisfactory operational performance in line with the expected PLF level, post the commissioning of the projects, remains important from a credit perspective. Moreover, given the single-part tariff for the entire project duration and the leveraged capital structure for the projects under the SPVs, the company's consolidated cash flows and debt metrics remain exposed to interest rate risk. Additionally, any higher-than-expected increase in leveraging on the books of the holding company to fund the project SPVs' requirements will remain a key rating sensitivity.

Counterparty credit risks due to exposure to state discoms - ARPPL's portfolio remains exposed to counterparty credit risks arising from the exposure to the state distribution utilities (discoms) of Karnataka, Maharashtra and Tamil Nadu and their modest financial position. While the payments from the Maharashtra discoms have been on time so far, the payments from some of the discoms in Karnataka and Tamil Nadu were delayed in the past. Nonetheless, the collection cycle has improved after the implementation of the LPS scheme and comfort can be drawn from the limited exposure to these state discoms within ARPPL's portfolio (~18%).

Regulatory risk of implementing scheduling and forecasting framework for renewable sector - The Group's operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements applicable for renewable energy projects, given the intermittent nature of generation and the limited experience of the developers in forecasting in Indian conditions.

Liquidity position: Adequate

The company's liquidity position is adequate, with expected equity infusion from the sponsors, cash surplus generated by the operating portfolio and the debt availed at ARPPL's level expected to remain sufficient to fund the equity for the ongoing projects. The company is expected to upstream the surplus cash flow from its operating subsidiaries after meeting the respective lender covenants, as seen in the past, given their satisfactory performance. At a standalone level, the company had free cash and bank balances of ~Rs. 41 crore as on February 06, 2025. Further, at the consolidated level, the company had cash balance of ~Rs. 510 crore, including DSRA, as on February 18, 2025.

Rating sensitivities

Positive factors – The rating watch will be resolved after the completion of the proposed acquisition by ONGC NTPC Green Private Limited. ICRA could also upgrade the rating based on the progress in commissioning the under-construction projects without any major time and cost overruns. Further, a generation performance in line with the appraised PLF level, post commissioning, resulting in improved debt coverage metrics, will support an upgrade.

Negative factors – The ratings could be downgraded in case of any major time/cost overruns in project execution, or any major regulatory challenges, or a higher-than-expected increase in leveraging on the books of the holding company to fund the project SPVs' requirements and delay in capital infusion by the sponsors in the Ayana platform. Further, a material under-performance in the generation of the operating assets adversely affecting the debt service coverage metrics or delays in receiving payments from the offtakers impacting the Group's liquidity profile could warrant a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar Power - Wind
Parent/Group support	ICRA favourably factors in the superior financial flexibility enjoyed by ARPPL by virtue of its strong sponsors
Consolidation	The ratings are based on the consolidated financial statements of ARPPL and its subsidiaries [Details in Annexure II]

About the company

Ayana Renewable Power Private Limited (ARPPL) is a renewable energy-focused player which aims to build a multi-GW renewable energy portfolio in India. The Group's operating renewable power portfolio stood at 1.6 GW as of November 2024. It has another ~2.5 GW under development, comprising solar, wind, hybrid & round-the-clock (RTC) renewable assets with firm PPAs.

Key financial indicators (audited)

ARPPL (consolidated)	FY2023	FY2024
Operating income	822.8	856.4
PAT	77.8	45.6
OPBDIT/OI	78.7%	77.2%
PAT/OI	9.3%	5.3%
Total outside liabilities/Tangible net worth (times)	2.40	2.35
Total debt/OPBDIT (times)	7.95	10.42
Interest coverage (times)	1.64	1.58

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: 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 (FY2025)			Chronology of rating history for the past 3 years							
				FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 26, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term/Short term – Others – Non-fund based	Long term /Short term	1,600.00	**[ICRA]AA-; rating watch with positive implications /[ICRA]A1+**	Feb 21, 25	[ICRA]AA-; rating watch with positive implications /[ICRA]A1+	Jul 14, 23	[ICRA]AA-(Stable)/[ICRA]A1+	May 17, 22	[ICRA]AA-(Stable)/[ICRA]A1+		
				Sep 05, 2024	[ICRA]AA-(Stable)/[ICRA]A1+						
				Dec 02, 24	[ICRA]AA-(Stable)/[ICRA]A1+						
Long term/Short term – Unallocated	Long term /Short term	1,578.00	**[ICRA]AA-; rating watch with positive implications /[ICRA]A1+**	Feb 21, 25	[ICRA]AA-; rating watch with positive implications /[ICRA]A1+	Jul 14, 23	[ICRA]AA-(Stable)/[ICRA]A1+	May 17, 22	[ICRA]AA-(Stable)/[ICRA]A1+		
				Sep 05, 24	[ICRA]AA-(Stable)/[ICRA]A1+						
				Dec 02, 24	[ICRA]AA-(Stable)/[ICRA]A1+						
Short term – Others – Fund-based/ Non-fund based	Short term	210.00	**[ICRA]A1+**	Feb 21, 25	[ICRA]A1+	Jul 14, 23	[ICRA]AA-(Stable)/[ICRA]A1+	May 17, 22	[ICRA]AA-(Stable)/[ICRA]A1+		
				Sep 05, 24	[ICRA]A1+						
				Dec 02, 24	[ICRA]A1+						
Short term – Others – Fund-based	Short term	12.00	**[ICRA]A1+**	Feb 21, 25	[ICRA]A1+	Jul 14, 23	[ICRA]AA-(Stable)/[ICRA]A1+	May 17, 22	[ICRA]AA-(Stable)/[ICRA]A1+		
				Sep 05, 24	[ICRA]A1+						
				Dec 02, 24	[ICRA]A1+						
Long term - Term loan – Fund-based	Long term	600.00	**[ICRA]AA-; rating watch with**	Feb 21, 25	[ICRA]AA-; rating watch with positive implications	-	-	May 17, 22	[ICRA]AA-(Stable)	Apr 07, 2021	[ICRA]A+ (Positive)

			positive implications	Dec 02, 24	[ICRA]AA-(Stable)	Jun 15, 21	[ICRA]AA-(Stable)
Proposed non-convertible debentures (NCD)	Long term	150.00	**[ICRA]AA-; rating watch with positive implications**	-	-		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Others - Non-fund based	Very Simple
Long term/Short term – Unallocated	NA
Short term – Others – Fund-based/Non-fund based	Simple
Short term – Others – Fund-based	Simple
Long term - Term loan – Fund-based	Simple
Proposed non-convertible debentures (NCD)	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	Non-fund based	-	-	-	1,600.00	[ICRA]AA-; rating watch with positive implications /[ICRA]A1+
NA	Fund-based – Working capital	-	-	-	12.00	[ICRA]A1+
NA	Short term – Fund/Non-fund based limits	-	-	-	210.00	[ICRA]A1+
NA	Unallocated limits	-	-	-	1578.00	[ICRA]AA-; rating watch with positive implications /[ICRA]A1+
NA	Term loan - Fund based	NA	-	NA	600.00	[ICRA]AA-; rating watch with positive implications
NA	Proposed non-convertible debentures (NCD)	NA	NA	NA	150.00	[ICRA]AA-; rating watch with positive implications

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	Ownership	Consolidation approach
Ayana Renewable Power Private Limited	100.00%	Full Consolidation
Ayana Ananthapuramu Solar Private Limited	100.00%	Full Consolidation
Ayana Kadapa Renewable Power Private Limited	100.00%	Full Consolidation
Ayana Renewable Power One Private Limited	100.00%	Full Consolidation
Ayana Renewable Power Two Private Limited	100.00%	Full Consolidation
Ayana Renewable Power Three Private Limited	100.00%	Full Consolidation
Ayana Renewable Power Four Private Limited	74.00%	Full Consolidation
Ayana Renewable Power Five Private Limited	100.00%	Full Consolidation
Ayana Renewable Power Six Private Limited	100.00%	Full Consolidation
Tungabhadra Solar Parks Private Limited	100.00%	Full Consolidation
Anantapur Solar Parks Private Limited	100.00%	Full Consolidation
Adyah Solar Energy Private Limited	100.00%	Full Consolidation
Seven Renewable Power Private Limited	100.00%	Full Consolidation
Project Eight Renewable Power Private Limited	100.00%	Full Consolidation
Project Nine Renewable Power Private Limited	100.00%	Full Consolidation
Project Ten Renewable Power Private Limited	100.00%	Full Consolidation
Project Eleven Renewable Power Private Limited	100.00%	Full Consolidation
Project Twelve Renewable Power Private Limited	100.00%	Full Consolidation
ACME Chittorgarh Solar Energy Private Limited	100.00%	Full Consolidation
Bhadla Renewable Power Private Limited (erstwhile Phelan Energy India RJ Private Limited)	100.00%	Full Consolidation
Project Thirteen Renewable Power Private Limited	100.00%	Full Consolidation
Project Fourteen Renewable Power Private Limited	100.00%	Full Consolidation
IRCON Renewable Power Limited	24.00%	Equity Method
Project Fifteen Renewable Power Private Limited	100.00%	Full Consolidation

Company name	Ownership	Consolidation approach
Project Sixteen Renewable Power Private Limited	100.00%	Full Consolidation
Project Seventeen Renewable Power Private Limited	100.00%	Full Consolidation
Project Eighteen Renewable Power Private Limited	100.00%	Full Consolidation
Project Nineteen Renewable Power Private Limited	100.00%	Full Consolidation
Project Twenty Renewable Power Private Limited	100.00%	Full Consolidation
Tirunveli Solar Project Private Limited	100.00%	Full Consolidation

Source: Company

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Vikram V
+91 40 6939 6410
vikram.v@icraindia.com

Rachit Mehta
+91 22 6169 3328
rachit.mehta2@icraindia.com

Saurabh Gupta
+91 22 6169 3359
saurabh.gupta@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

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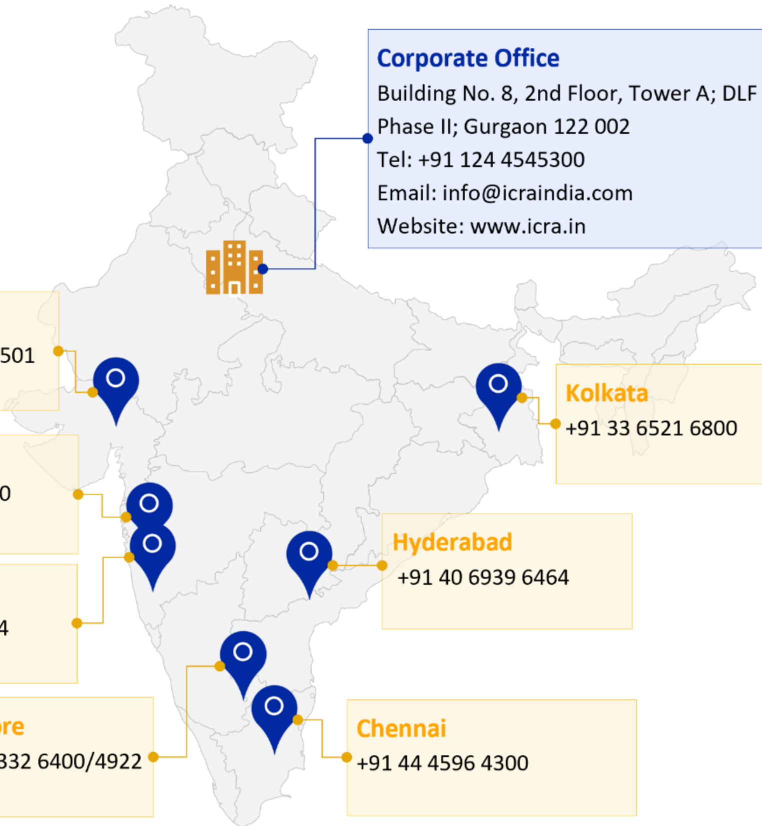
ICRA Limited

Registered Office

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

Branches



Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City,
Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Ahmedabad
+91 79 4027 1500/501

Mumbai
+91 22 6169 3300

Pune
+91 20 2556 1194

Bangalore
+91 80 4332 6400/4922 5500

Kolkata
+91 33 6521 6800

Hyderabad
+91 40 6939 6464

Chennai
+91 44 4596 4300