April 01, 2025

Sitac Kabini Renewables Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Term loans	2,565.00	2,133.00	[ICRA]A+ (Stable); reaffirmed
Total	**2,565.00**	**2,133.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation for Sitac Kabini Renewables Private Limited (SKRPL) continues to factor in the benefits of a strong parent group in Electricite de France {EDF, rated by Moody's Baa1 (Stable)}, which has a large scale of operations as a leading power utility in France. EDF is 100% owned by the Government of France and is also present in the United Kingdom and Italy. ICRA notes that SKRPL remains important to its parent, considering the parent group's plans to expand its renewable power portfolio, and ICRA expects need-based financial support to flow into SKRPL from the ultimate parent, EDF.

Further, the rating considers the superior generation performance of the 302.4-MW wind power project developed by SKRPL in the last 19 months ended December 2024, post full commissioning of the plant in May 2023. ICRA notes that there was a dip in generation in 9M FY2025 compared to the previous year period mainly due to cyclone and lower wind speed. However, notwithstanding the same, the PLF has remained above the P-90 level for the last 12 months ended December 2024.

The rating factors in the long-term power purchase agreement (PPA) with a strong counterparty, Solar Energy Corporation of India Limited {SECI, rated [ICRA] AAA (Stable)/ [ICRA]A1+} for its 302.4-MW wind power project at a fixed tariff of Rs. 2.77 per unit, thereby limiting the demand risks and providing visibility on revenues. SECI is an intermediary counterparty and has signed power supply agreements (PSA) with the distribution utilities of Delhi and Puducherry. The rating positively considers the high competitiveness of the project tariff for the ultimate offtakers. The presence of a strong counterparty in the form of SECI is expected to result in timely realisation of payments for the company.

The payment security mechanism in the PPA/PSA arrangement is relatively superior to the state policy PPAs because of the letter of credit mechanism and the benefits available to the SECI under the tripartite agreement (TPA) with the Government of India (GoI), the Reserve Bank of India (RBI) and the state government. Further, the additional provisions in the PPA/PSAs related to compensation in case of grid curtailment and termination payments offer comfort.

However, the rating is constrained by the moderate track record of operations, post full commissioning in May 2023, and the vulnerability of the revenues and cash flows to seasonality and variation in wind power density across the years owing to the single-part nature of the tariff under the PPA with SECI. The rating is further tempered by the geographic concentration of the project at a single location.

The rating is also constrained by the exposure of the project's debt coverage metrics to the movement in interest rates, given the leveraged capital structure and fixed tariff of the project. Any increase in interest rates in the future can adversely impact the debt coverage metrics. The project is currently entirely funded through medium-term loans, which are expected to be refinanced through a mix of long-term project debt and promoter contribution in the ratio of 70:30 in FY2027. While this exposes the company to refinancing risk, and clarity on the refinanced debt quantum and payment terms remains a key monitorable from a credit perspective, comfort is derived from the company's strong parentage and the long-term revenue visibility of the project which mitigates the refinancing risks to an extent. Further, the company's operations remain exposed to regulatory risks pertaining to scheduling and forecasting requirements applicable for renewable energy projects. Any significant variation in the scheduled and actual generation would attract penalties and adversely impact the profitability and debt coverage metrics of the company.

The Stable outlook on SKRPL's rating factors in the steady cash flow visibility, aided by the long-term PPA, timely collections from the offtakers and the benefit of being a part of the EDF Group, which is expected to support a comfortable liquidity and DSCR, going forward.

Key rating drivers and their description

Credit strengths

Presence of a strong sponsor, with SKRPL being part of EDF Group - SKRPL is a part of the EDF Group, which holds a 90% stake in the entity with the balance 10% being held by the Sitac Group. EDF {rated by Moody's Baa1 (Stable)} is a leading electric utility in France with the French Government having 100% ownership. EDF operates ~118.8-GW capacity (as of December 2024) globally, comprising nuclear, gas/fossil based, hydro and other renewable capacities. The Sitac Group is promoted by Mr. Malvinder Singh and is involved in the construction business in India and abroad (West Asia), apart from being present in the renewable energy business. EDF and Sitac have an operational renewable energy portfolio of ~600 MW in India. ICRA notes that SKRPL remains important to its parent, considering the parent group's plans to expand its renewable power portfolio, and ICRA expects need-based financial support to flow into SKRPL from the ultimate parent, EDF.

Revenue visibility from long-term PPA; superior tariff competitiveness for ultimate offtakers - SKRPL has signed a PPA for 25 years at a tariff of Rs. 2.77 per unit with the SECI for its full 302.4-MW capacity, providing revenue visibility. Moreover, the provisions in the PPA to compensate developers in case of constraints in grid availability and transmission infrastructure and backdowns provide comfort. The offtake risk is also mitigated by the competitiveness of the PPA tariff for the ultimate offtakers which are state-owned distribution utilities. The project tariff of Rs. 2.77 per unit remains lower than the average power purchase cost of the discoms and is competitive compared to the tariff for other wind power projects.

Presence of strong counterparty with a track record of timely payments - The PPA is signed with a strong counterparty -SECI – which has a strong credit profile (rated [ICRA]AAA (Stable)/[ICRA]A1+) and the payments against the bills have been received within an average 10 days as seen after the partial commissioning from August 2022 till December 2024. SECI acts as an intermediary nodal agency and has in turn entered into power sale agreements (PSA) with the distribution utilities of Delhi and Puducherry for the sale of power from this project.

Satisfactory debt coverage metrics - The company's debt coverage metrics are expected to remain adequate with a cumulative DSCR of 1.3x, considering ICRA's baseline generation levels at an average of P-90 and P-75 PLF levels. The project is currently funded primarily through debt and will be refinanced after three years of CoD by FY2027 with a debt to promoter contribution of 70:30 and a long-term debt with an amortisation schedule post refinancing.

Credit challenges

Vulnerability of debt metrics to generation performance - The debt metrics of the wind power project remain sensitive to the generation level, given the single-part tariff structure under the PPA. Hence, any adverse variation in wind speed and weather conditions may impact the PLF and consequently the cash flows. The geographical concentration of the asset amplifies the generation risk. The project was fully commissioned in May 2023 with a moderate track record of operations; hence, the project's healthy generation performance remains important from a credit perspective. ICRA notes that in the 12-month period ended December 2024, the PLF of the plant has remained above the P-90 level at 33.21% and above the P-75 level at 37.08% for FY2024.

Debt metrics exposed to interest rate movement, given the high leverage; refinancing requirement in FY2027 - The debt coverage metrics remain exposed to the movement in interest rates, given the leveraged capital structure and fixed tariff of the project. The project is currently entirely funded through medium-term loans that are expected to be refinanced through a mix of long-term project debt and promoter contribution in the ratio of 70:30 by FY2027. The existing debt availed by the company is to be repaid in bullet repayments in June 2026 and December 2026. While this exposes the company to refinancing risk, comfort is derived from the strong parentage and the long-term revenue visibility of the project.

Regulatory risks from scheduling and forecasting framework for renewable sector - The company's operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements applicable for renewable energy projects. Any significant variation in the scheduled and actual generation would attract penalties and adversely impact the company's profitability and debt coverage metrics

Liquidity position: Adequate

SKRPL's liquidity profile is adequate, considering the positive cash flow from operations expected between FY2025 and FY2027 on the back of healthy generation, efficient operations and timely collections. While the current debt has bullet repayments in FY2027, it is likely to be refinanced in a ratio of debt and promoter contribution of 70:30 of the total project cost. A timely closure of the debt refinancing ahead of the bullet repayment date remains a key monitorable from a liquidity perspective. SKRPL's cash and bank balance stood at Rs. 42.7 crore as on December 31, 2024, which provides it with a comfortable cushion to tide itself over any temporary cash flow timing mismatches in the intervening period.

Rating sensitivities

Positive factors – The rating may be upgraded if the company is able to demonstrate healthy generation on a sustained basis, thereby strengthening the credit metrics and liquidity. Further, completion of the loan refinancing on favourable terms would be a positive from a credit perspective. A specific credit metric for upgrade would be the cumulative DSCR increasing above 1.35x. Also, the rating would remain sensitive to an improvement in the credit profile of the EDF Group.

Negative factors – The rating could be downgraded in case of a significant under-performance in generation against the P-90 estimate, adversely impacting the company's debt coverage metrics and liquidity. A specific credit metric for downgrade is the cumulative DSCR falling below 1.25x. Also, any significant delays in payments from the customer adversely impacting the company's liquidity would be a negative factor. Further, the rating would remain sensitive to a weakening of the credit profile of the EDF Group.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Wind
Parent/Group support	Parent/Group Company: EDF Renouvelables/EDF. ICRA expects SKRPL's ultimate parent, EDF, to be willing to extend financial support to SKRPL, should there be a need, given the strategic importance that SKRPL has for the Group amid its objective to grow its renewable portfolio
Consolidation/Standalone	The rating is based on the standalone financial profile of the rated entity

About the company

Sitac Kabini Renewables Private Limited (SKRPL) is a project SPV of the EDF Group and the Sitac Group, engaged in the development of a 302.4-MW wind power plant in Gujarat, India. The project comprises 112 wind turbine generator (WTG) machines of 2.7 MW each supplied by General Electric (GE) having a rotor diameter of 132 metres and a hub height of 130 metres. The project has a 25-year power purchase agreement (PPA) with SECI for the entire capacity. The project was awarded under an auction conducted by the SECI (ISTS Tranche 5) and the applicable tariff for this capacity of 302.4 MW is Rs. 2.77 per unit. The project was partially commissioned in August 2022 and got fully commissioned in May 2023.

Key financial indicators (audited)

SKRPL (Standalone)	FY2023	FY2024
Operating income	77.9	256.0
PAT	-61.3	- 33.7
OPBDIT/OI	68.2%	87.1%
PAT/OI	-78.7%	-13.2%
Total outside liabilities/Tangible net worth (times)	NM	NM
Total debt/OPBDIT (times)	38.3	9.3
Interest coverage (times)	0.73	1.26

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; NM - Not meaningful
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: Not applicable

Rating history for past three years

<table>
<tr><th colspan="4">Current (FY2026)</th><th colspan="6">Chronology of rating history for the past 3 years</th></tr>
<tr><th colspan="4">FY2026</th><th colspan="2">FY2025</th><th colspan="2">FY2024</th><th colspan="2">FY2023</th></tr>
<tr><th>Instrument</th><th>Type</th><th>Amount rated (Rs. crore)</th><th>April 01, 2025</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th></tr>
<tr><td rowspan="2">Term loans</td><td>Long term</td><td>2,133.00</td><td>[ICRA]A+ (Stable)</td><td>Apr 04, 2024</td><td>[ICRA]A+ (Stable)</td><td>-</td><td>-</td><td>Feb 23, 2023</td><td>[ICRA]A (Stable)</td></tr>
<tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>Feb 17, 2023</td><td>[ICRA]A+ (CE) (Negative) rating withdrawn and [ICRA]A (Stable) assigned simultaneously</td></tr>
</table>

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-I**	Dec 2019	-	FY2026	13.00	[ICRA]A+ (Stable)
NA	**Term loan-II**	FY2024	-	FY2027	870.00	[ICRA]A+ (Stable)
NA	**Term loan-III**	FY2024	-	FY2027	1250.00	[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

ANALYST CONTACTS

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

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

Ritabrata Ghosh
+91 33 7150 1100
ritabrata.ghosh@icraindia.com

Chinmay Sheth
+91 79 4027 1550
chinmay.sheth@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

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

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

Branches