



## Press Release

### O2 Renewable Energy XIV Private Limited (O2REXIVPL)

March 03, 2025

#### Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Short Term Bank Facilities	13.00	IVR A1 (IVR A One)	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>13.00</b> <b>(Rupees Thirteen crore only)</b>			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has assigned a rating of IVR A1 to the short-term bank facilities of O2 Renewable Energy XIV Private Limited (O2REXIVPL). The rating derives strength from strong parentage and experienced management team, sponsor experience in renewable energy sector and low revenue risk due to long-term purchase agreement (PPA) for entire capacity with a strong counterparty. However, the rating strengths are partially offset by the expected project stabilisation risk, leveraged capital structure with interest rate risk, and exposure to risks inherent in solar power projects.

#### Key Rating Sensitivities:

##### Upward Factors

- Significant improvement in generation leading to improvement in debt protection metrics along with timely payment by counterparty on a sustained basis.
- Faster than expected deleveraging of the asset.

##### Downward Factors

- Lower-than-envisaged generation or increase in borrowing cost, significantly impacting debt protection metrics.
- Deterioration in credit risk profile of off taker or delays in receipt of payments leading to stretch in receivables, adversely impacting company's liquidity.
- Deterioration in the credit profile of the promoter or dilution in its support philosophy towards its SPVs.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Strong parentage and experienced management team**

O2 Power SG Pte Limited (O2PSPL), the holding company of O2 Power group in India is jointly established by two reputed global investors, EQT AB (51%) and Temasek (49%) to develop utility scale and Commercial & Industrial (C&I) renewable energy projects in India with an initial commitment of US\$ 500 million. Temasek is a global investment company headquartered in Singapore with a portfolio of S\$389 bn as of March 31, 2024. Temasek has invested over \$37 billion in India across companies.

EQT, headquartered in Sweden, is a differentiated global investment fee generating fund with assets under management (AUM) of EUR 132 billion.

O2PSPL's management is experienced, having established track record in the renewable sector in India and is led by Mr. Parag Sharma as the CEO of the platform. With O2PSPL's aggressive growth plans in India along with promoter's past track record of financially supporting projects, the company is expected to benefit from operational, managerial and financial linkages with its parent. Infomerics Ratings expects such need-based support to be available to O2REXIVPL on a continued basis.

Further, on December 27, 2024, EQT & Temasek announced their exit from the O2 Power group with the takeover of O2 Power group by JSW Energy Ltd (JSWEL) through its wholly owned subsidiary, JSW Neo Energy Limited. JSW Neo Energy Limited has signed definitive agreements with proposed acquisition expected to be completed by 26th May 2025, subject to attainment of regulatory and lender/s approvals. JSWEL has its presence in power generation, power transmission, mining and power trading across multiple states. JSWEL has an operating generation capacity of 6,771 MW – with thermal power of 3,158 MW, hydropower of 1,391 MW and renewable power capacity of 2,222 MW across many states. JSW group has an established track record in the renewable energy sector and the acquisition will result in expected synergies thereof. Infomerics has noted likely change in the ownership to JSW group. However, any further implications of the development shall be assessed post completion of transaction and will be a key rating monitorable.

##### **Sponsor experience in renewable energy sector**

O2PSPL has significant experience in the C&I segment, with captive and open access projects along with other utility-scale projects. The aggregate project portfolio is of ~4.7 GW



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capacity of which 1,242 MW is operational, 1,019 MW will become operational by June 2025, and an additional 2,435 MW is in pipeline and likely to be commissioned by June 2027. Majority of the portfolio has power purchase agreements with strong counterparties such as SJVN Limited, NTPC Limited, NHPC Limited, Solar Energy Corporation of India, Gujarat Urja Vikas Nigam, and strong corporate and industrial customers. The assets have a blended average tariff of INR 3.37/ Kwh with remaining life of around 23 years.

### **Low revenue risk due to long-term PPA for entire capacity**

The company has signed a 25-year PPA with a strong counterparty Supreme Industries Limited for the entire 25 MW of the solar capacity under group captive. The presence of long-term PPA assures cash flows and largely mitigates the revenue risk. The PPA has a lock-in period of 15 years from commercial operation date (COD).

The off taker, Supreme Industries Ltd has a diverse product portfolio, comprising piping systems, cross laminated films and products, protective packaging products, industrial moulded components, moulded furniture, storage and material handling products, performance packaging films and composite, and liquefied petroleum gas cylinders with 30 facilities across India. The off taker is required to make payment within 15 days from the date of invoice. Since the plant has no operational track record sustained timely payment track record from the off taker will be a key monitorable. Further, presence of clauses pertaining to minimum offtake assurance and termination in the event of off taker's event of default in the PPA provides comfort.

### **Key Rating Weaknesses**

#### **Expected project stabilisation risk**

The project is expected to achieve COD on March 31, 2025. The project's ability to demonstrate generation in line with P90 estimates is yet to be seen and remains critical as revenue is linked to actual generation and decline in generation can impact the company's cash flows.

#### **Leveraged capital structure with interest rate risk**

The company's capital structure is leveraged with the total cost of the project of Rs.129.14 crore being funded by term loan of Rs.91.00 crore and promoter contribution (including off-taker contribution) of Rs.38.14 crore. Further, given the single-part nature of the fixed tariff in



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the PPA, profitability remains exposed to any increase in the interest rates, given the floating interest rate for the term loan availed by the SPV.

### **Exposure to risks inherent in solar power projects**

The revenues of the company remain sensitive to generation from the single asset. The key factors that may impact the operations of the solar plant are solar irradiation levels, losses in PV systems owing to temperature and climatic conditions, design parameters of the plant, inverter efficiency and module degradation due to ageing, consequently impacting revenues. This in turn would impact the debt servicing ability of the company.

**Analytical Approach:** Standalone with parent notch up

### **Applicable Criteria:**

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Criteria on Parent Support](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The repayment of the term loan starts from December 2025. Adjusted gross cash accruals, assuming no outflow on interest on compulsory convertible debentures as there is a restricted payment condition, is adequate to cover the debt obligations of Rs.1.78 crore in FY26 (refers to the period April1 to March 31) and Rs.2.93 crore in FY27. Further, the company is required to build a Debt Service Reserve Account equivalent to three months of debt servicing post COD. Further, O2PSPL has given a corporate guarantee for the debt of the company.

### **About the Company**

O2 Renewable XIV Private Limited is a wholly owned subsidiary of O2 Energy SG Pte Ltd. It is a special purpose vehicle setup to operate a 33.75 MW<sub>DC</sub>/ 25 MW<sub>AC</sub> grid connected solar plant at Moutala Village, Moutala Taluk, Buldhana District, Maharashtra, India under group captive model. The expected COD of the project is March 31, 2025.



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**Financials (Standalone):** The company was incorporated on May 26, 2023, hence financials for FY23 are not available.

(Rs. crore)		
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	--	0.00
EBITDA	--	-0.02
PAT	--	-0.02
Total Debt	--	0.00
Tangible Net Worth	--	0.08
EBITDA Margin (%)	--	0.00
PAT Margin (%)	--	0.00
Overall Gearing Ratio (x)	--	0.00
Adjusted Interest Coverage (x)	--	NM

\* As per Infomerics Standard NM: Not Meaningful

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

**Rating History for last three years:**

Sr.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Bank Guarantee	Short Term	13.00	IVR A1	--	--	--

**Name and Contact Details of the Rating Analyst:**

Name: Neha Khan  
Tel: (022) 62396023  
Email: [neha.khan@infomerics.com](mailto:neha.khan@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd ] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps





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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Bank Guarantee	--	--	--	13.00	IVR A1

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-O2REXIVPL-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).