CRISIL Ratings

Rating Rationale

November 21, 2023 | Mumbai

Tata Power Renewable Energy Limited

Rating outlook revised to 'Positive'; Ratings Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	**Rs.2276 Crore**
Long Term Rating	**CRISIL AA/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**

Rs.2500 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**

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1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has revised its outlook on the long term bank facilities of Tata Power Renewable Energy Ltd (TPREL) to **'Positive'** from 'Stable' and has reaffirmed the rating at **'CRISIL AA'.** The commercial paper rating has been reaffirmed at 'CRISIL A1+'.

The revision in outlook reflects a corresponding revision in CRISIL Ratings' outlook on the long-term rating of TPREL's parent, The Tata Power Company Limited (TPCL; 'CRISIL AA/Positive/CRISIL A1+')._This reflects strong linkages of TPREL with the Parent.

The ratings factor in developments on the reorganisation of the renewable energy business of The Tata Power Company Ltd (TPCL) following announcement made in April 2022. With respect to the announcement to reorganize TPCL's renewable business and investment by Blackrock Real Assets, both tranches of investment of Rs 2,000 crore each were received in Fiscal 2023, following which most of the structural changes were incorporated along with overall dilution of 11% equity stake by TPCL in TPREL. TPREL, therefore, is now the holding company for all the renewables businesses of TPCL, including engineering, procurement and construction (via 100% holding in Tata Power Solar System Limited (TPSSL)); electric vehicles; solar cell and module manufacturing (4 GW facility in TP Solar Ltd); and renewable generation. However, TPCL continues to be the holding company of TPREL.

The ratings reflects the TPREL's strengths of integrated renewable business from expansion of its cell and module manufacturing business to renewable generation, (housed under TPREL and Walwhan Renewable Energy Ltd [WREL; 'CRISIL AA/Positive'] along with its special-purpose vehicles [SPVs], and all other renewable energy generation assets housed under TPREL business). The renewable generation business includes large portfolio of wind (~1 gigawatt [GW]) and solar power (~3.2 GW) assets, diversified in terms of geography and counterparty; and having healthy revenue visibility driven by long-term power purchase agreements (PPAs). Further, TPREL has inhouse renewable EPC business currently housed under TPSSL (wholly owned subsidiary; CRISIL AA/Positive), which provides EPC services to TPREL as well as to third parties like NTPC and other central and private counterparties.

The ratings factor in the renewable generation segment's operational track record of sizeable portfolio, healthy internal cash generation translating into comfortable consolidated average debt service coverage ratio (DSCR), and liquidity of around six months of debt servicing, These strengths are partially offset by exposure to receivables risk, implementation risk for new capacities (~3.7 GW), and risks inherent in wind and solar-powered renewable assets.

It also considers expectation of steady growth in revenue and profitability of EPC business on back of healthy order book of ~Rs. 16,000 Crore as on September 2023. Further, it is also expected to benefit from operational synergies through expansion in cell and module manufacturing unit from 1.1 GW facility to more than 5 GW facility (module manufacturing capacity commissioned in November 2023) over the medium term along with current reduction in imported cell and module cost should support timely and efficient execution of projects.

The ratings continue to factor strategic importance to, and strong financial and managerial support from, its parent, TPCL.

Further, TPREL has announced merger of its various subsidiaries/SPVs with itself, through the announcement in January 2023, which includes certain renewable generation entities (including WREL) and TPSSL. Currently, the board approval for the proposed merger has been received and is awaiting other requisite approvals. CRISIL Ratings understands that the proposed merger completion could take more than 12 months and hence developments on the said front will be monitorable. However, the proposed merger of TPREL's subsidiaries with itself is not expected to have any material impact on the rating of TPREL as existing rating of the company takes consolidated approach of TPREL and its subsidiaries.

Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of TPREL's renewable generation portfolio, EPC business, solar cell and module manufacturing business along with other renewable business including solar pumps, EV charging and solar rooftops.

Furthermore, CRISIL Ratings has applied its parent notch-up framework to factor in the extent of distress support expected from TPCL to TPREL. The support factors in TPREL's strategic importance to TPCL and the strong financial and managerial support received from the parent

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation..

Key Rating Drivers & Detailed Description

Strengths:

Strategic importance to, and strong financial and managerial support from, the parent

The capital employed in the TPREL is more than one-fourth of the overall capital employed of TPCL, indicating increasing importance of the renewables business to the parent. TPCL aims to achieve a portfolio of over 20 GW of renewable assets over the next five years and is targeting 50-60% of its generation capacity from non-fossil fuel assets over the next 7-8 years. The renewables portfolio provides strong economic incentive and helps diversify risk at the portfolio level.

The operational capacity of the TPREL group was ~4.2 GW (forming nearly 34% of generation capacity of TPCL) as of September 2023. Further, with expansion towards 4 GW cell and module manufacturing unit and backward integration are expected to add synergies and support overall growth strategies of TPCL. TPCL had infused unsecured perpetual securities (Rs 3,895 crore outstanding as on March 31, 2022), which were repaid in previous fiscal. The parent has also infused equity through right issue subscription of Rs. 5160 crore in the previous fiscal, as well. Besides, majority of the Board at TPREL consists of the senior management of TPCL. Owing to its strategic importance and strong economic incentive, the TPREL group will remain critical for the parent. Moreover, management shall adopt a calibrated expansion approach and is expected to receive need-based support from the parent.

Diversified business risk profile with presence across generation, EPC, and manufacturing for renewable energy business

TPREL has around 4.2 gigawatt (GW) operational renewable generation capacity as on September 30, 2023 and ~3.7 GW of under construction renewable capacity. Further, it is undertaking expansion of its cell and module manufacturing capacity from existing 1.1 GW to nearly 5 GW by fiscal 2024, which is to be used for captive purposes. Additionally it also undertakes solar EPC business (captive as well as third party), which aides TPREL's revenue as well as profitability. Its presence across the value chain of the renewable business from manufacturing to generation and other utility services like EV charging, solar pumps, roof top solar and EPC for support services, cushions it from project-specific issues and helps achieve operating efficiencies and helps in better working capital management at the group level.

Significant renewable generation portfolio with diversity in terms of geography and maturity

TPREL (including all its renewable generation business) is one of the largest players in the Indian renewable energy space with around 4.2 GW of installed capacity excluding around 3.7 GW under-construction projects. The group has a diversified portfolio of solar-wind power capacity in the ratio 76:24 spread across 12 states. This helps mitigate the risk of resource and location-specific generation variability. The operational portfolio is fairly mature, with ~65% of the assets having track record of more than three years and around 90% having more than a year. The projects primarily have tier-I vendors, ensuring quality equipment to mitigate technology risk. The well-diversified portfolio with pan-India coverage and established operational track record will continue to support the credit risk profile.

Healthy revenue visibility across the value chain and low offtake risk combined with robust DSCR for renewable generation group

Currently, renewable generation business, constitutes ~35% of the TPREL's consolidated revenue and more than 80% of TPREL's EBIDTA. Around 99% of the operational portfolio of renewable generation business has PPAs with tenure of 25 years, while the remaining has tenure of 13-15 years. Furthermore, the weighted average tariff of the portfolio is around Rs 4 per kilowatt-hour (kWh), leading to healthy overall returns. This lends high predictability and stability to revenue with low demand risk. Consolidated average DSCR for the portfolio is expected to remain robust.

Further, healthy revenue visibility from the EPC arm is also expected on the back on healthy order book. The company has robust order book as on September 2023 of Rs ~16,000 crore with significant portion of the same comprising of TPREL and public sector undertakings like NTPC Ltd, SJVN etc.

Weaknesses:

Exposure to moderate receivables risk, mitigated by diversity in counterparties

Long-term PPAs with distribution companies (discoms) having weak financial risk profiles and payment track record pose receivables risk. Consolidated receivables came down to ~3-4 months from around six months in as on March 31, 2022. As on September 30, 2022, receivables from discoms such as Tamil Nadu and Andhra Pradesh were above six months. However, due to LPS scheme, discoms have started paying the dues in installments and Tamil Nadu discoms, though have not opted under LPS scheme introduced by Ministry of Power under LPS Rules, 2022 but have started regularizing the payments. The weak financial health of the state discoms could , however, lead to increased delays in payments, which will continue to constrain the credit risk profile of the TPREL group and shall remain monitorable. This risk is mitigated by diversity in counterparties, with over 15 discoms, and liquid surplus of around six months of debt obligation maintained at the group level. The company is resorting to bill discounting to realise receivables faster.

**The Ministry of Power, Government of India has issued Electricity, (Late Payment Surcharge [LPS} and Related Matters) Rules, 2022 (LPS Rules 2022) to address the rising dues of the state power utilities, under which outstanding dues as on June 3, 2022, will be paid in equal monthly installments, depending on the amount outstanding as on June 2022, commencing from August 2022.*

Susceptibility to risks inherent in operating renewable assets
Cash flow of wind power projects is sensitive to plant load factor (PLF), which is entirely dependent on wind patterns that are inherently unpredictable. Several assets in TPREL's wind portfolio have been underperforming its P90 historically, but the company has been looking to increase the PLF by improving operations and maintenance and machine availability. In case of a solar power plant, generation depends on irradiation levels around a plant's location and annual degradation of the solar panels. Degradation of solar panels may increase exponentially in the later part of the life of an asset. Though geographical diversity mitigates the risk related to generation, exposure to inherent operational risks related to renewable power assets constrains the rating.

High implementation risk owing to ongoing expansion plan for cell and module manufacturing capacity as well as growth plans through organic or inorganic route
The renewable generation business remains exposed to project risk with around 3.7 GW of capacity under construction. Nonetheless, CRISIL Ratings draws comfort from the group's track record of execution and calibrated expansion strategy with prudent funding mix. The group is expected to commit substantial funds to a renewable project only if there is strong visibility on evacuation and PPA. Further, the company is exposed to project execution and stabilization risk related to the ongoing expansion of 4 GW manufacturing facility. CRISIL Ratings understands that the said capacity is expected to operationalize from fiscal 2024. However, timely commissioning of the manufacturing capacity without any material cost overruns will remain key monitorable.

Susceptibility to intense competition and regulatory changes for manufacturing and EPC business
The competitive position of the company as a domestic component manufacturer in the on-grid solar photovoltaic (PV) segment remains constrained by the difference in pricing as compared to global peers. These players have large vertically integrated operations, including manufacturing of polysilicon, wafer and cells; and access to low-cost funding. Despite duties on module and panel imports, domestic manufacturing faces stiff competition from global players. Heightened competition in the manufacturing and EPC business leads to moderate profit margin. Growth also remains vulnerable to changes in government policies. However, the central government's focus on boosting domestic manufacturing through certain incentives and achieving a steep target of 500 GW should lend comfort in the long run.

<u>Liquidity:</u> <u>Strong</u>
Cash and cash equivalents for TPREL stood at around Rs 2500 crore as on September 30, 2023 while undrawn fund-based lines was around Rs 954 crore, as on September 30, 2023. Cash accrual is expected at over Rs 1,900 and 2400 crore each in fiscals 2024 and 2025. Any shortfall is expected to be met through refinancing or need-based support from the parent. Capital expenditure (capex) of around Rs 15,000 crore, expected over fiscals 2024 and 2025, towards commissioning of close to 3.7 GW capacity and commissioning of the 4 GW solar cell and module manufacturing facility , should be funded through a mix of debt and internal accrual.

<u>Outlook</u>: <u>Positive</u>
The outlook is based on CRISIL Ratings' rating outlook on the debt instruments and bank facilities of TPCL. Change in the ratings or rating outlook on TPCL will lead to a similar rating action on TPREL.

CRISIL Ratings believes the TPREL group will continue to benefit from its strategic importance to its parent, due to its ability to generate substantial cash accrual supported by its integrated renewable business, healthy weighted average tariff, and a diversified portfolio.

<u>Rating Sensitivity Factors</u>
Upward Factors
- Upgrade in the rating of TPCL by 1 notch
- Significant reduction in debt

Downward Factors
- Downgrade in the rating of TPCL
- Larger-than-expected debt-funded capex or acquisition
- Significant decline in PLF or tariff adversely impacting the DSCR of the group
- Decline in liquid surplus from around 6 months of debt servicing or significant delay in payment by counterparties
- Significant delay in commissioning timelines of manufacturing facilities and other major projects resulting in higher than expected debt and weaking of consolidated financial profile of TPREL

<u>About the Company</u>
TPREL, a subsidiary of TPCL, is the holding company for all the renewables businesses of TPCL, including engineering, procurement and construction; electric vehicles; solar cell and module manufacturing (4 GW facility); and renewable generation businesses post restructuring. Its renewable generation portfolio has operating generation capacity of ~4.2 GW, directly or indirectly through SPVs. Consolidated capacity of the TPREL group comprises ~1 GW wind and ~3.2 GW solar capacity across 15 states. The group has around 3.7 GW of capacities under construction.

<u>Key Financial Indicators - TPREL consolidated*</u>

Particulars	Unit	2023	2022
Revenue	**Rs.Crore**	**8196**	**7526**

Profit After Tax (PAT)	**Rs.Crore**	**730**	**685**
PAT Margin	**%**	**8.9**	**9.1**
Adjusted debt/adjusted networth	**Times**	**1.32**	**2.5**
Interest coverage	**Times**	**2.4**	**1.89**

**Company reported*

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity level	Rating assigned with outlook
NA	Commercial paper	NA	NA	7-365 days	2500	Simple	CRISIL A1+
NA	Term loan	July-18	NA	Feb-29	197.69	NA	CRISIL AA/Positive
NA	Term loan	Sep-22	NA	Sep-25	1000.00	NA	CRISIL AA/Positive
NA	Term loan	July-19	NA	Mar-34	447.50	NA	CRISIL AA/Positive
NA	Term loan	Sept-17	NA	Mar-33	471.60	NA	CRISIL AA/Positive
NA	Proposed working capital facility	NA	NA	NA	50.0	NA	CRISIL AA/Positive
NA	Proposed long-term bank loan facility	NA	NA	NA	109.21	NA	CRISIL AA/Positive

Annexure - List of Entities Consolidated

Entity	Type of consolidation	Rationale for consolidation
Tata Power Renewable Energy Limited	Full	Subsidiary
TP Wind Power Limited (earlier Indo Rama Renewable Jath Ltd)	Full	Subsidiary
Nivade Windfarm Ltd	Full	Subsidiary
Poolavadi Windfarm Ltd	Full	Subsidiary
Vagarai Windfarms Limited	Full	Subsidiary
TP Solapur Limited	Full	Subsidiary
TP Kirnali Limited	Full	Subsidiary
Walwhan Renewable Energy Limited	Full	Subsidiary
Walwhan Solar MP Limited	Full	Subsidiary
Walwhan Solar PB Limited	Full	Subsidiary
Walwhan Solar TN Limited	Full	Subsidiary
Walwhan Wind RJ Limited	Full	Subsidiary
Clean Sustainable Solar Energy Private Limited	Full	Subsidiary
MI Mysolar24 Private Limited	Full	Subsidiary
Walwhan Solar BH Limited	Full	Subsidiary
Walwhan Solar MH Limited	Full	Subsidiary
Walwhan Solar AP Limited	Full	Subsidiary
Walwhan Solar KA Limited	Full	Subsidiary
Walwhan Energy RJ Limited	Full	Subsidiary
Walwhan Urja Anjar Limited	Full	Subsidiary

Walwhan Solar RJ Limited	Full	Subsidiary
Northwest Energy Private Limited &	Full	Subsidiary
Walwhan Solar Raj Limited	Full	Subsidiary
Solarsys Renewable Energy Private Limited	Full	Subsidiary
Dreisatz Mysolar 24 Private Limited	Full	Subsidiary
Walwhan Urja India Limited	Full	Subsidiary
Walwhan Solar Energy GJ Limited	Full	Subsidiary
TP Solar Limited	Full	Subsidiary
Tata Power Solar Systems Limited	Full	Subsidiary
Chirasthaayee Saurya Limited	Full	Subsidiary
Tata Power Green Energy Limited	Full	Subsidiary
TP Saurya Limited	Full	Subsidiary
TP Kirnali Solar Limited	Full	Subsidiary
TP Solapur Solar Limited	Full	Subsidiary
TP Akkalkot Renewable Ltd	Full	Subsidiary
TP Saurya Ltd	Full	Subsidiary
TP Roofurja Renewable Limited	Full	Subsidiary
Supa Windfarm Ltd	Full	Subsidiary
TP Solapur Saurya Limited	Full	Subsidiary

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	LT	2276.0	CRISIL AA/Positive	28-03-23	CRISIL AA/Stable	30-11-22	CRISIL AA/Stable	30-11-21	CRISIL AA/Stable	04-11-20	CRISIL AA/Stable	CRISIL AA-/Positive
			--		--	08-06-22	CRISIL AA/Stable		--	05-08-20	CRISIL AA-/Positive	--
			--		--	26-04-22	CRISIL AA/Stable		--	30-06-20	CRISIL AA-/Positive	--
Commercial Paper	ST	2500.0	CRISIL A1+	28-03-23	CRISIL A1+	30-11-22	CRISIL A1+	30-11-21	CRISIL A1+	04-11-20	CRISIL A1+	CRISIL A1+
			--		--	08-06-22	CRISIL A1+		--	05-08-20	CRISIL A1+	--
			--		--	26-04-22	CRISIL A1+		--	30-06-20	CRISIL A1+	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility	**109.21**	**Not Applicable**	**CRISIL AA/Positive**
Proposed Working Capital Facility	**50**	**Not Applicable**	**CRISIL AA/Positive**
Term Loan	**197.69**	**Kotak Mahindra Bank Limited**	**CRISIL AA/Positive**
Term Loan	**471.6**	**Axis Bank Limited**	**CRISIL AA/Positive**
Term Loan	**447.5**	**HDFC Bank Limited**	**CRISIL AA/Positive**
Term Loan	**1000**	**Axis Bank Limited**	**CRISIL AA/Positive**

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating criteria for manufaturing and service sector companies
Criteria for rating wind power projects

Criteria for rating solar power projects
Criteria for rating entities belonging to homogenous groups
CRISILs Criteria for rating short term debt
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support
CRISILs Criteria for Consolidation

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations **CRISIL Limited** M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com **Prakruti Jani** Media Relations **CRISIL Limited** M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com **Rutuja Gaikwad** Media Relations **CRISIL Limited** B: +91 22 3342 3000 **Rutuja.Gaikwad@ext-crisil.com**	Manish Kumar Gupta Senior Director **CRISIL Ratings Limited** B:+91 124 672 2000 manish.gupta@crisil.com Ankit Hakhu Director **CRISIL Ratings Limited** B:+91 124 672 2000 ankit.hakhu@crisil.com Shruti Lahoti Manager **CRISIL Ratings Limited** B:+91 124 672 2000 Shruti.Lahoti@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

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Tata Power Renewable Energy Limited

September 28, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	2,472.28 (Reduced from 2,915.27)	CARE AA; Positive	Reaffirmed; Outlook revised from Stable
Long-term / Short-term bank facilities	1,220.00 (Enhanced from 920.05)	CARE AA; Positive / CARE A1+	Reaffirmed; Outlook revised from Stable
Non-convertible debentures	400.00	CARE AA; Positive	Reaffirmed; Outlook revised from Stable
Non-convertible debentures	700.00	CARE AA; Positive	Reaffirmed; Outlook revised from Stable
Commercial paper	2,500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The long-term and short-term ratings of Tata Power Renewable Energy Limited (TPREL) continue to derive comfort from the low sales risk on account of the presence of a long-term power purchase agreement (PPA) for the vast majority of its capacity and satisfactory track record of operation with healthy operational performance as indicated in terms of capacity utilisation factor (CUF). The ratings continue to factor in TPREL's portfolio diversification – in terms of its spread across multiple states, multiple off-takers across the states, central utilities, as well as captive and commercial and industrial (C&I) clients, and in terms of technology. The ratings also draw strength from the strategic importance of TPREL for Tata Power, being the growth engine of the group and the financial flexibility that TPREL enjoys within the Tata Power group. CARE Ratings Limited (CARE Ratings) expects the continuation of the financial and operational support to TPREL.

CARE Ratings also notes the consolidation of the entire renewable energy businesses of the group, including the renewable engineering, procurement and construction (EPC), operations and maintenance (O&M) services, and module manufacturing under TPREL, along with the receipt of the entire ₹4,000 crore of capital infusion by two global co-investors – i.e Blackrock Real Assets and Mubadala Investment Company with dilution of 6.06% equity as on March 31, 2023. CARE Ratings understands that upon the completion of the said reorganisation, 11.43% stake in TPREL would be diluted.

Despite the aforementioned capital infusion in TPREL, the leverage is expected to remain elevated due to the large capital expenditure (capex) plans, which constrains the ratings. The ratings are also constrained by the significant counterparty credit risk associated with the sale of power to weaker discoms, interest rate risk, climatic and technology risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the credit profile of the parent, i.e The Tata Power Company Limited (TPCL).
- Significant deleveraging at TPREL's consolidated level, resulting in an improvement in the capital structure with TD/PBILDT below 3.5x.

Negative factors

- Higher-than-envisaged debt-funded capex, resulting in a significant deterioration in TD/ PBILDT.
- Any deterioration in the credit profile of TPCL and weakening of financial linkages.
- Significant deterioration in generation inability to improve the scale and profitability in the new businesses.
- Significant elongation in the receivable cycle, adversely impacting the liquidity profile.

Analytical approach: Consolidated

The ratings also factor in the operational and financial linkages with TPCL and are accordingly notched up. The companies are under common management and share a common treasury with TPCL. The list of companies combined is included in Annexure-6.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Outlook: Positive

The outlook of TPREL has been revised from Stable to Positive. This is on account of improvement in the credit profile of the ultimate parent i.e The Tata Power Company Limited (TPCL, rated CARE AA; Positive). Profitability of TPCL (consolidated) has improved and is likely to sustain supported by the Mundra plant operations and the Odisha power distribution business. Furthermore, commercialization and ramp-up of production of the module/ cell manufacturing capacity in TPREL is likely to provide deeper integration and reduced supply risk for the renewable business. The rating outlook of TPREL shall be revised to Stable in case of moderation in the credit profile of its parent.

Key strengths

Diversified portfolio in terms of geography, off-taker, and energy source

TPREL's operational projects are located in 13 states across India. As on March 31, 2023, around 45% of the capacity was exposed to offtakers having strong credit profile while 29% had offtakers having moderate credit profile. In terms of its operational track record, most of the operational capacity (ie, around 70%) has operational track record of more than three years. Except for the Gujarat discom, no single off-taker accounts for more than 15% of TPREL's operational capacity.

Reasonable revenue visibility and operational performance of the portfolio

Around 95% of TPREL's operational portfolio has PPAs with a tenure of 25 years, providing good revenue visibility. During FY23 (refers to the period from April 01 to March 31), while the generation levels for solar have improved from CUF of 21% in FY22 to 23% in FY23, wind generation has been stable at 19% in FY23. The average revenue realisation for the portfolio during the same period is ₹4.49 per unit (PY: ₹4.58 per unit), which is moderately competitive.

Financial and operational support from the parent

As on March 31, 2023, TPREL is majorly held by TPCL, which has several decades of experience in setting up and operating projects across the power value chain. TPREL is strategically important to TPCL, given the thrust of TPCL to increase its non-fossil generation capacity. TPREL previously housed only the renewable generation business. With the aforementioned equity infusion by the new co-investors, TPREL has also taken control over the Tata Power group's EPC, cell and module manufacturing, solar pump, and electric vehicle (EV) charging business as well, further increasing its strategic importance.

TPREL's contribution to the Tata Power group's overall PBILDT is significant, making it economically important. The promoter has adequate board representation in TPREL, which also share a common treasury team. TPCL has demonstrated financial support to its subsidiaries in the past, including the infusion of equity and unsecured loans (on a need basis to enhance project viability).

Liquidity: Strong – TPREL (Consolidated)

TPREL at consolidated level has strong liquidity profile marked by strong cash accruals, low repayment obligations and available cash and cash equivalent of around ₹2,925 crore as on June 30, 2023. The liquidity is also supported by unutilized fund-based working capital limits. The average fund-based (including commercial paper (CP)) working capital utilization levels of the company stood at 56% for trailing 12 months ended June'23. The company mostly uses CP for short term funding. The company is expected to meet its debt repayment obligation, incremental capex as well as regular working capital requirement from the cash accruals, available cash balance and undrawn bank limits. Further being part of Tata group and strategic arm of TPCL, TPREL enjoys significant financial flexibility and access to capital market as and when required.

Key weaknesses

Large capex plans to hold leverage at an elevated level in the medium term

In terms of the renewable energy generation business, TPREL's targeted yearly capacity addition in the medium term is aggressive, considering the size of its existing cash generating portfolio. Despite the co-investor's equity infusion, debt addition to fund the capex, and working capital requirement in the renewable energy generation business, the EPC, module manufacturing, and new business initiatives are envisaged to be higher than the yearly repayment, thus elevating the term debt level. The margin expansion in the EPC, module manufacturing, and new businesses will be a key monitorable.

TPREL had 2.59 GW of capacity under implementation as on June 30, 2023. The prevalent high module prices may create some implementation challenges for which the company is setting up 4GW cell and module manufacturing plant. It will be important for the company to execute the same without significant cost and time overruns, so that leverage is kept under control.

Counterparty credit risk

Almost half of the operational portfolio is contracted, with the discoms having a weak to a moderate credit profile. . The average collection period of 144 days in FY23 is high. Most of the dues are contributed by the discoms of Tamil Nadu. However, the company has started receiving payments from these discoms under the EMI scheme defined in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, and the same is expected to improve the receivables position going forward. The counterparty risk is partially mitigated by the diversified counterparty mix, with the PPAs in place with financially strong off-takers. TPREL is, however, implementing the growth plan based on the viability of the project and after considering the appropriate risk mitigation plans with respect to the counterparty.

Risk due to interest rate fluctuation, climate, and technology

The projects under TPREL are exposed to interest rate fluctuations, as various bank facilities availed are floating-rate loans and the lenders can reset the interest rates annually. However, the tariff for off-take arrangements of the power is fixed in the majority of the capacity, thereby exposing the company to the risk of any adverse movement in interest costs. The achievement of the desired CUF is subject to changes in climatic conditions, the amount of degradation of modules, as well as other technological risks. Also, wind projects are exposed to the inherent risk of climate fluctuations, leading to variations in wind patterns, which affect the CUF.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Financial Ratios – Non financial Sector
Rating Outlook and Rating Watch
Liquidity Analysis of Non-financial sector entities
Short Term Instruments
Infrastructure Sector Ratings
Solar Power Projects
Wind Power Projects

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power Generation

TPREL, a subsidiary of TPCL was incorporated on March 02, 2007, for developing power projects through renewable energy sources in India. It also houses Walwhan Renewable Energy Limited (WREL), which was earlier a part of the Welspun group, holding 1 GW renewable assets. In August 2022, TPREL became a holding entity of all the renewable energy business entities under TPCL. The total operational capacity under the TPREL consolidated level is 4.1 GW as on June 30, 2023, while 2.59 GW is under construction.

Brief Financials (₹ crore) – TPREL (consolidated)*	FY22 (A)	FY23 (A)
TOI	7,485	8,150
PBILDT	2,740	2,869
PAT	685	730
Overall gearing (times)	4.61	1.71
Interest coverage (times)	2.69	2.36

A: Audited; Note: 'the above results are latest financial results available'; *As per CARE Ratings methodology.

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial paper-Commercial paper (Standalone)	INE607M14AK1 INE607M14AI5 INE607M14AJ3	-	-	7 Days to 364 Days	2500.00	CARE A1+
Debentures-Non-convertible debentures	INE607M07024	January 2016	8.99%	June 2026	400.00	CARE AA; Positive
Debentures-Non-convertible debentures	INE607M08071	May 2023	7.75%	May 2030	700.00	CARE AA; Positive
Fund-based - LT-Term loan		-	-	March 2027	335.40	CARE AA; Positive
Fund-based - LT-Term loan		-	-	March 2040	2136.88	CARE AA; Positive
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	1220.00	CARE AA; Positive / CARE A1+

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST*	1220.00	CARE AA; Positive / CARE A1+	1)CARE AA; Stable / CARE A1+ (25-May-23)	1)CARE AA; Stable / CARE A1+ (31-Mar-23) 2)CARE AA; Stable / CARE A1+ (06-Dec-22)	1)CARE AA; Stable / CARE A1+ (15-Mar-22) 2)CARE AA; Stable	1)CARE AA-; Stable / CARE A1+ (17-Feb-21) 2)CARE AA-; Stable / CARE A1+ (06-Oct-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
						3)CARE AA; Stable / CARE A1+ (01-Jul-22)	/ CARE A1+ (02-Jul-21)	
2	Fund-based - LT-Term loan	LT	2136.88	CARE AA; Positive	1)CARE AA; Stable (25-May-23)	1)CARE AA; Stable (31-Mar-23) 2)CARE AA; Stable (06-Dec-22) 3)CARE AA; Stable (01-Jul-22)	1)CARE AA; Stable (15-Mar-22) 2)CARE AA; Stable (02-Jul-21)	1)CARE AA-; Stable (06-Oct-20)
3	Debentures-Non-convertible debentures	LT	400.00	CARE AA; Positive	1)CARE AA; Stable (25-May-23)	1)CARE AA; Stable (06-Dec-22) 2)CARE AA; Stable (01-Jul-22)	1)CARE AA (CE); Stable (15-Mar-22) 2)CARE AA (CE); Stable (02-Jul-21)	1)CARE AA (CE); Stable (06-Oct-20)
4	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (06-Dec-22) 2)CARE AA; Stable (01-Jul-22)	1)CARE AA (CE); Stable (15-Mar-22) 2)CARE AA (CE); Stable (02-Jul-21)	1)CARE AA (CE); Stable (10-Feb-21) 2)Provisional CARE AA (CE); Stable (06-Oct-20)
5	Commercial paper-Commercial paper (Standalone)	ST	2500.00	CARE A1+	1)CARE A1+ (25-May-23)	1)CARE A1+ (31-Mar-23) 2)CARE A1+ (01-Jul-22) 3)CARE A1+	1)CARE A1+ (15-Mar-22) 2)CARE A1+	1)CARE A1+ (06-Oct-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
						(08-Jun-22)	(02-Jul-21)	
6	Fund-based - LT-Term loan	LT	335.40	CARE AA; Positive	1)CARE AA; Stable (25-May-23)	1)CARE AA; Stable (31-Mar-23) 2)CARE AA; Stable (06-Dec-22) 3)CARE AA; Stable (01-Jul-22)	1)CARE AA (CE); Stable (15-Mar-22) 2)CARE AA (CE); Stable (02-Jul-21)	1)CARE AA (CE); Stable (06-Oct-20)
7	Un Supported rating-Un Supported rating (Long term)	LT	-	-	-	1)Withdrawn (01-Jul-22)	1)CARE AA (15-Mar-22)	-
8	Un Supported rating	LT	-	-	-	1)Withdrawn (01-Jul-22)	1)CARE AA (15-Mar-22)	-
9	Debentures-Non-convertible debentures	LT	700.00	CARE AA; Positive	1)CARE AA; Stable (25-May-23)	-	-	-

*Long Term / Short Term

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities

Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple
2	Debentures-Non-convertible debentures	Complex
3	Debentures-Non-convertible debentures	Simple
4	Fund-based - LT-Term loan	Simple
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view the lender-wise details of bank facilities please click here

Annexure-6: List of subsidiaries of TPREL consolidated: (list as on March 31, 2023)

Sr. No.	Name of the Company	% shareholding of TPREL
1	Walwhan Renewable Energy Limited (WREL)	100%
2	TP Wind Power Limited	100%
3	Nivade Windfarm Limited	74%
4	Poolavadi Windfarm Limited	74%
5	Vagarai Windfarms Limited	68%
6	TP Solapur Limited	100%
7	TP Kirnali Limited	100%
8	Tata Power Solar Systems Limited	100%
9	Tata Power Green Energy Limited	100%
10	Supa Windfarm Limited	100%
11	TP Kirnali Solar Limited	74%
12	TP Solapur Solar Limited	74%
13	TP Saurya Limited	100%
14	TP akkalkot Renewable Limited	74%
15	TP Roofurja Renewable Limited	100%
16	TP Solapur Saurya Limited	100%
17	TP Solar Limited	100%
18	TP Nanded Limited	74%
19	TP Green Nature Limited	74%
20	TP Adhrit Solar Limited	100%
21	TP Arya Saurya Limited	100%
22	TP Saurya Bandita Limited	100%
23	TP Ekadash Limited	100%
24	TP Govardhan Creative Limited	100%
25	TP Narmada Solar Limited	100%
26	TP Bhaskar Renewables Limited	100%
27	TP Atharva Solar Limited	100%
28	TP Viva Green Limited	100%
29	TP Vardhman Surya Limited	100%
30	TP Kaunteya Saurya Limited	100%
31	Clean Sustainable Solar Energy Private Limited[@]	100%
32	Dreisatz Mysolar24 Private Limited[@]	100%
33	MI Mysolar24 Private Limited[@]	100%
34	Northwest Energy Private Limited[@]	100%
35	Solarsys Renewable Energy Private Limited[@]	100%
36	Walwhan Solar Energy GJ Limited[@]	100%
37	Walwhan Solar Raj Limited[@]	100%
38	Walwhan Solar BH Limited[@]	100%
39	Walwhan Solar MH Limited[@]	100%
40	Walwhan Wind RJ Limited[@]	100%
41	Walwhan Solar AP Limited[@]	100%
42	Walwhan Solar KA Limited[@]	100%
43	Walwhan Solar MP Limited[@]	100%
44	Walwhan Solar PB Limited[@]	100%
45	Walwhan Energy RJ Limited[@]	100%
46	Walwhan Solar TN Limited[@]	100%
47	Walwhan Solar RJ Limited[@]	100%
48	Walwhan Urja Anjar Limited[@]	100%
49	Walwhan Urja India Limited[@]	100%
50	Chirasthayee Saurya Limited[@]	100%

[@]Consolidated with Walwhan Renewable Energy Limited (WREL).

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact	Analytical Contacts
Name: Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Name: Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-22-6837 4474 Email: Rajashree.murkute@careedge.in
Relationship Contact Name: Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Name: Sudhir Kumar Director **CARE Ratings Limited** Phone: +91-120-445-2006 Email: Sudhir.kumar@careedge.in Name: Agnimitra Kar Associate Director **CARE Ratings Limited** Phone: +91-120-445-2019 E-mail: agnimitra.kar@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

For the detailed Rationale Report and subscription information, please visit www.careedge.in

July 07, 2023

Tata Power Renewable Energy Limited: Rating reaffirmed and outlook revised to Positive

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures	1040.00	1040.00	[ICRA]AA (Positive); reaffirmed with revision in outlook to Positive from Stable
Term loan	1958.75	1930.00	[ICRA]AA (Positive); reaffirmed with revision in outlook to Positive from Stable
Non-fund based letter of credit	215.00	170.00	[ICRA]AA (Positive); reaffirmed with revision in outlook to Positive from Stable
Unallocated limits	0.00	73.75	[ICRA]AA (Positive); reaffirmed with revision in outlook to Positive from Stable
Total	**3,213.75**	**3,213.75**	

**Instrument details are provided in Annexure-I*

Rationale

The revision in the outlook to Positive on the long-term rating assigned to Tata Power Renewable Energy Limited (TPREL) factors in the improvement in the credit profile of its parent, The Tata Power Company Limited (TPCL; rated [ICRA]AA (Positive)) led by the improvement in its operating and financial performance across the generation and distribution businesses. This was supported by recovery in electricity demand growth, improved operating efficiencies in the distribution business, scale up in renewable capacity, operating 4150-MW Mundra UMPP under Section 11 of the Electricity Act and improved collections from the state distribution utilities following implementation of the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS). Overall, the improved performance has allowed TPCL to improve its financial leverage and debt coverage metrics.

The rating assigned to TRPEL continues to factor in the company's strong financial flexibility from being a part of the Tata Group and the focus of the parent, TPCL, on renewable energy as an area of growth. The rating is based on the consolidated business and financial risk profile of TPREL, which comprises Walwhan Renewable Energy Limited (WREL), Tata Power Solar Systems Limited (TPSSL) and other subsidiaries. The aggregate operating renewable capacity of the Group was ~4,047 MW as on June 05, 2023.

The rating continues to favourably reflect the strengths arising from the well-diversified renewable power portfolio across 11 states, which reduces the vulnerability of generation to location-specific issues. A diversified customer mix, which partly mitigates the counterparty credit related risks, also favours the rating. Further, the rating draws comfort from the demonstrated operating track record with close to 68% of the portfolio being operational for least three years. ICRA takes note of the availability of long-term power purchase agreements (PPAs) for the entire portfolio at fixed tariff rates (except for a small capacity of 21 MW, which has a medium-term PPA) with state distribution utilities (discoms), commercial & industrial customers and central intermediary procurers, with a weighted average balance PPA tenure of ~19 years, providing strong visibility on the revenues and cash flows.

Further, the robust cash accruals from the operational portfolio and the prudent leveraging policy with cost-competitive funding sources for the under-construction projects would support the company's profitability and debt coverage metrics, going forward. Also, ICRA takes note of the large order book position of Rs. 19,368 crore for the EPC business under TPSSL as of March 2023.

ICRA notes that the Tata Power Group's entire renewable business, including manufacturing and EPC and O&M services, has been brought under TPREL, wherein Blackrock Real Assets and Mubadala Investment Company (a sovereign investor of the Government of Abu Dhabi) invested Rs 4,000 crore in FY2023. The capital infusion will enable the Group to significantly scale up its renewable energy business over the next two to three years and set up a 4,000-MW solar PV cell and module manufacturing facility. TPCL will continue to be the majority shareholder in TPREL with a shareholding of 89-90%.

The rating is, however, constrained by the exposure to the state distribution utilities (discoms), which have weak-to-moderate financial profiles, particularly in Andhra Pradesh, few discoms in Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu. This constraint is partly offset by the diversified customer mix, with the presence of creditworthy offtakers such as NTPC Limited, NTPC Vidyut Vyapar Nigam Limited (NVVN), Solar Energy Corporation of India (SECI), Gujarat Urja Vikas Nigam Limited (GUVNL), TPCL (Mumbai), Tata Power Delhi Distribution Limited (TPDDL) and Mangalore Electricity Supply Company Limited (MESCOM). Moreover, following the notification of the LPS rules by the Ministry of Power, GoI, in June 2022, the discoms are clearing the bills in a regular manner. As a result, the receivables at the consolidated level have improved with debtor days reducing to 151 days as of March 2023 from 236 days as of March 2022. A sustained track record of timely payments from the discoms remains a key monitorable for the company.

ICRA also takes note of the execution challenges in view of the Group's large expansion plans in the renewable energy sector with ~3.6 GW under development and a 4,000-MW module/cell manufacturing plant under construction. As a major portion of this capacity is in the solar power segment, the Group remains exposed to the movement in module prices. Nonetheless, ICRA draws comfort from the strong execution and financing track record of the Tata Power Group. Further, the rating is constrained by risks typical to all renewable energy projects, including the exposure to the variation in wind power density and solar radiation associated with climatic conditions as the revenues are linked to the actual units generated and exported, given the single-part nature of the tariff under the PPAs. This risk is partly mitigated by the demonstrated track record for majority of the portfolio.

Also, the company remains exposed to the regulatory challenges of implementing the scheduling and forecasting framework for wind and solar power projects across states. This apart, for the feed-in tariff based solar power projects in Tamil Nadu, the state regulator has issued an order restraining the operating PLF to a normative level of ~19%. The order is being contested by the company before the Appellate Tribunal for Electricity (APTEL). Further, ICRA notes that the power generation by the portfolio was impacted by the exposure to weak O&M partners for some of the wind power projects and module degradation & inverter issues for some of the solar power projects. However, these issues were resolved by the Group by replacing the O&M partners and the equipment, wherever required. Also, the relatively high PPA tariff rates for the operational capacity (compared to the average power purchase cost of the utilities) expose the company to the risk of grid back-down, as observed in some of the states in the past.

Key rating drivers and their description

Credit strengths

Leading company in renewable energy sector in India with well-diversified portfolio - TPREL is one of the leading players in the renewable energy sector in India, with the Group having an operating capacity of ~4,047 MW as on June 15, 2023 spread across solar, wind and hybrid projects. The portfolio is well-diversified, with presence across 11 states, which reduces the vulnerability of generation to location-specific issues. Additionally, the company has a diversified customer mix, which partly mitigates the counterparty credit risk.

Strong credit profile of TPREL's parent, TPCL - TPREL is a wholly-owned subsidiary of TPCL, which is a leading company in the power sector with presence across generation, transmission and distribution. The renewable energy segment remains the focus area of growth for TPCL. The credit profile of TPCL is supported by the large scale of operations with presence across the power sector value chain, reduction in leverage level and an improved performance across the generation and distribution businesses. The coverage metrics have also improved over the past few years, led by monetisation of non-core assets and equity infusion. While the Mundra UMPP remains a drag on TPCL's profitability, the availability of profits from the coal companies in Indonesia in a tax-efficient manner post the merger of the Mundra UMPP with TPCL mitigate this risk to a large extent. Further, the strong financial flexibility from being a part of the Tata Group is a comforting factor.

Long-term PPAs limit demand and tariff risks - The company has long-term PPAs for the entire portfolio at fixed tariff rates, except for a small capacity of 21 MW, which has a medium-term PPA. The weighted average balance PPA tenure for the portfolio is ~19 years, providing strong visibility on revenues and cash flows and thereby limiting demand and tariff risks.

Established operating track record of portfolio - The portfolio has demonstrated a satisfactory operating track record, despite issues with some of the projects in the portfolio, with ~68% of the portfolio having a track record of more than three years.

Coverage metrics expected to remain comfortable; capital infusion of Rs. 4,000 crore to aid capacity scale-up - TPREL's coverage metrics are expected to be comfortable, supported by robust cash accruals from the operational portfolio having long-term PPAs and cost-competitive funding sources. The capital infusion of Rs. 4,000 crore by the Blackrock-led consortium in the form of equity and convertible securities would help TPREL scale up the capacity over the medium term.

Credit challenges

Debt metrics sensitive to energy generation because of single-part tariff - TPREL is dependent on power generation from the renewable power portfolio for its revenues and cash accruals, given the single-part tariff. As a result, any adverse variation in wind availability or solar radiation may impact generation and consequently the cash flows. In FY2021, the power generation by the portfolio was impacted by the exposure to weak O&M partners for some wind power projects and module degradation & inverter issues for some solar power projects. These issues are being resolved by replacing the O&M partners and the equipment, wherever required. The performance of the wind and solar assets remained stable in FY2023 with the portfolio PLF remaining largely similar to FY2022.

Counterparty credit risk due to exposure to state discoms with weak-to-moderate financial profiles - The company remains exposed to high counterparty credit risks, given the long-term PPAs with state discoms that have weak-to-moderate financial profiles such as Andhra Pradesh, a few discoms in Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu. This is partly offset by a diversified customer mix, with the presence of creditworthy offtakers for the balance portfolio. Moreover, following the notification of the LPS rules by the Ministry of Power, GoI, in June 2022, the discoms are clearing the bills in a regular manner. As a result, the receivables at the consolidated level have improved with debtor days reducing to 151 days as of March 2023 from 236 days as of March 2022. A sustained track record of timely payments from the discoms remains a key monitorable for the company.

Execution and funding challenges because of Group's large expansion plans - The company's execution and funding challenges remain high because of the Group's large expansion plans in the renewable energy sector. The Group has ~3.6 GW capacity under development and a 4,000-MW module/ cell manufacturing plant under construction. As a major portion of this capacity is in the solar power segment, the Group remains exposed to the movement in module prices. While the debt-funded capex would increase the leverage level and expose the Group to execution risks, comfort can be drawn from the strong execution and financing track record of the Tata Power Group and the long-term PPAs for these assets, enabling adequate cash flow generation, post commissioning.

Interest rate risk and regulatory risks - The company's profitability and debt coverage metrics are exposed to variation in interest rates, given the sizeable debt funding in the capital mix and the fixed tariff rates for the renewable energy projects. Further, the returns from the upcoming capacity remain dependent on the achievement of the design PLF levels and the availability of debt funding at a cost-competitive rate, especially in view of the very fine bid tariff rates. Also, the company remains exposed to the regulatory challenges of implementing the scheduling and forecasting framework for wind and solar power projects, given the variable and intermittent nature of their generation.

Liquidity position - Adequate

The company's liquidity is expected to remain adequate, supported by healthy cash flows from operations and availability of large cash and liquid investments of Rs. 4515.38 crore as on March 31, 2023 at a consolidated level. This apart, the company has an undrawn working capital line of Rs. 104 crore at a standalone level. The access to the commercial paper (CP) market provides additional aid to the liquidity. The funding for the new projects is expected to be met through a mix of sources, including internal accruals, cash balances and external debt.

Rating sensitivities

Positive factors: TPREL's rating could be upgraded if the credit profile of Tata Power Company Limited improves.

Negative factors: The rating would be negatively impacted if the credit profile of Tata Power Company Limited deteriorates. Further, the rating can be downgraded in case of a sharp deterioration in the generation performance, adversely impacting the company's debt coverage metrics. Also, a large debt-funded capital expansion without a commensurate increase in revenues and cash flows, or a significant deterioration in the payment cycle from offtakers that has an adversely impact on TPREL's liquidity position and would be a negative trigger.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Wind Power Producers Rating Methodology for Solar Power Producers
Parent/Group support	Parent Company: Tata Power Company Limited ICRA expects TPCL (rated [ICRA]AA (Positive)) to be willing to extend financial support to TPREL, should there be a need as TPREL is a wholly-owned subsidiary of TPCL and the renewable energy segment remains the focus area of growth for TPCL
Consolidation/Standalone	The rating is based on the consolidated business and financial profile of TPREL. The entities considered for consolidation are enlisted in Annexure-II.

About the company

TPREL, set up in 2007, is a subsidiary of TPCL. It is the primary investment vehicle for the Tata Power Group's clean and renewable energy-based power generation capacity. The overall renewable portfolio of the Tata Power Group in India stands at 4.05 GW, divided across the wind and the solar segments in a ratio of 23% and 77%, respectively. In August 2022, the Group's entire renewable business, including manufacturing, EPC and O&M services, has been brought under TPREL, with the company receiving Rs. 4,000-crore investment from GreenForest New Energies Bidco, an investment platform jointly run by US asset management fund, BlackRock Real Assets, and Abu Dhabi sovereign wealth fund, Mubadala Investment Company. The deal was completed in two stages by raising equity and compulsory convertible preference shares (CCPS) equivalent to Rs. 2,000 crore each in August 2022 and March 2023. At present, GreenForest New Energies Bidco holds 6.06% in TPREL. The final shareholding will range from ~9.76% to ~11.43% at the time of final conversion into equity shares.

Key financial indicators

Consolidated	FY2022 (Audited)	FY2023 (Audited)
Operating Income (Rs. crore)	7,526.62	8,196.93
PAT (Rs. crore)	685.30	729.91
OPBDITA/OI (%)	37.86%	36.55%
PAT/OI (%)	9.11%	8.90%
Total Outside Liabilities/Tangible Net Worth (times)	3.65	1.79
Total Debt/OPBDITA (times)	5.42	5.49
Interest Coverage (times)	2.81	2.47

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation
Source: Company data, ICRA Research; All ratios as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years					
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on Mar 31, 2023 (Rs. crore)	Date & Rating	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021	
					Jul 07, 2023	Sep 22, 2022	May 10, 2022	Mar 17, 2022	Jun 30, 2021	Jun 19, 2020	May 12, 2020
1	**Term loan**	Long-term	1930.00	1930.00	[ICRA]AA (Positive)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)
3	**Non-fund Based**	Long-term	170.00	--	[ICRA]AA (Positive)	[ICRA]AA (Sable)	[ICRA]AA (Sable)	[ICRA]AA (Sable)	[ICRA]AA (Sable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)
4	**NCDs**	Long-term	1040.00	1040.00	[ICRA]AA (Positive)	[ICRA]AA (Sable)	[ICRA]AA (Sable)	[ICRA]AA (Sable)	[ICRA]AA (Sable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)
5	**Unallocated**	Long-term	73.75	-	[ICRA]AA (Positive)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
NCDs	Simple
Term loan	Simple
Non-fund based, letter of credit	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	Letter of credit	-	-	-	170.00	[ICRA]AA (Positive)
NA	Term loan	February 2019	-	March 2031	430.00	[ICRA]AA (Positive)
NA	Term loan	February 2022	-	March 2040	500.00	[ICRA]AA (Positive)
NA	Term loan	March 2022	-	December 2039	1000.00	[ICRA]AA (Positive)
Unallocated	-	-	-	-	73.75	[ICRA]AA (Positive)
INE607M07016	NCD	27-May-2019	8.57%*	24-May-2029	440.00	[ICRA]AA (Positive)
INE607M08055	NCD	26-Sep-2022	7.9%	26-Sep-2029	300.00	[ICRA]AA (Positive)
INE607M08063	NCD	29-Sep-2022	7.9%	28-Sep-2029	300.00	[ICRA]AA (Positive)

*Source: Company, *Linked to one-year MCLR of Kotak Mahindra Bank*

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
Poolavadi Windfarm Ltd.*	74.0	Full Consolidation
Nivade Windfarm Ltd.	74.0	Full Consolidation
TP Wind Power Ltd.	100.0	Full Consolidation
TP Solapur Ltd.	100.0	Full Consolidation
TP Kirnali Ltd.	100.0	Full Consolidation
Walwhan Renewable Energy Ltd.	100.0	Full Consolidation
Clean Sustainable Solar Energy Pvt. Ltd.	100.0	Full Consolidation
Dreisatz Mysolar24 Pvt. Ltd.	100.0	Full Consolidation
MI Mysolar24 Pvt. Ltd.	100.0	Full Consolidation
Northwest Energy Pvt. Ltd.	100.0	Full Consolidation
Solarsys Renewable Energy Pvt. Ltd.	100.0	Full Consolidation
Walwhan Solar Energy GJ Ltd.	100.0	Full Consolidation
Walwhan Solar Raj Ltd.	100.0	Full Consolidation
Walwhan Solar BH Ltd.	100.0	Full Consolidation
Walwhan Solar MH Ltd.	100.0	Full Consolidation
Walwhan Wind RJ Ltd.	100.0	Full Consolidation
Walwhan Solar AP Ltd.	100.0	Full Consolidation
Walwhan Solar KA Ltd.	100.0	Full Consolidation
Walwhan Solar MP Ltd.	100.0	Full Consolidation
Walwhan Solar PB Ltd.	100.0	Full Consolidation
Walwhan Energy RJ Ltd.	100.0	Full Consolidation
Walwhan Solar TN Ltd.	100.0	Full Consolidation
Walwhan Solar RJ Ltd.	100.0	Full Consolidation
Walwhan Urja Anjar Ltd.	100.0	Full Consolidation
Walwhan Urja India Ltd.	100.0	Full Consolidation
Chirasthayee Saurya Ltd.	100.0	Full Consolidation
Tata Power Solar Systems Ltd.	100.0	Full Consolidation
Tata Power Green Energy Ltd.	100.0	Full Consolidation
Supa Windfarm Ltd.	100.0	Full Consolidation

TP Kirnali Solar Ltd.	74.00	Full Consolidation
TP Solapur Solar Ltd.	74.00	Full Consolidation
TP Saurya Ltd.	100.0	Full Consolidation
TP Akkalkot Renewable Ltd.	74.00	Full Consolidation
TP Roofurja Renewable Ltd.	100.0	Full Consolidation
TP Solapur Saurya Ltd.	100.0	Full Consolidation
TP Solar Ltd.	74.0	Full Consolidation
TP Nanded Ltd.	74.0	Full Consolidation
TP Green Nature Ltd.	100.0	Full Consolidation
TP Adhrit Solar Ltd.	100.0	Full Consolidation
TP Arya Saurya Ltd.	100.0	Full Consolidation
TP Saurya Bandita Ltd.	100.0	Full Consolidation
TP Ekadash Ltd.	100.0	Full Consolidation
TP Govardhan Creatives Ltd.	100.0	Full Consolidation
TP Narmada Solar Ltd.	100.0	Full Consolidation
TP Bhaskar Renewables Ltd.	100.0	Full Consolidation
TP Atharva Solar Ltd.	100.0	Full Consolidation
TP Vivagreen Ltd.	100.0	Full Consolidation
TP Vardhaman Surya Ltd	100.0	Full Consolidation
TP Kaunteya Saurya Ltd.	100.0	Full Consolidation
Vagarai Windfarm Ltd.**	68.0	Full Consolidation

**TPREL has 74% of shareholding and voting power in Poolawadi Windfarm Limited. However, as per the shareholder agreement, TPREL has a call option to buy shares from the captive consumers at the face value or book value of the shares, whichever is less*

***TPREL has 68% shareholding and voting power in Vagarai Windfarm Limited. However, as per the shareholder agreement, TPREL has a call option to buy shares from the captive consumers at the face value of the shares. Accordingly, non-controlling interest has not been considered for the purpose of consolidation.*

ANALYST CONTACTS

Sabyasachi Majumdar

+91 124 4545304
sabyasachi@icraindia.com

Vikram V

+91 40 4547 4829

vikram.v@icraindia.com

Pooja Goyal
+91 22 6169 3349
pooja.goyal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+912261143406
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.

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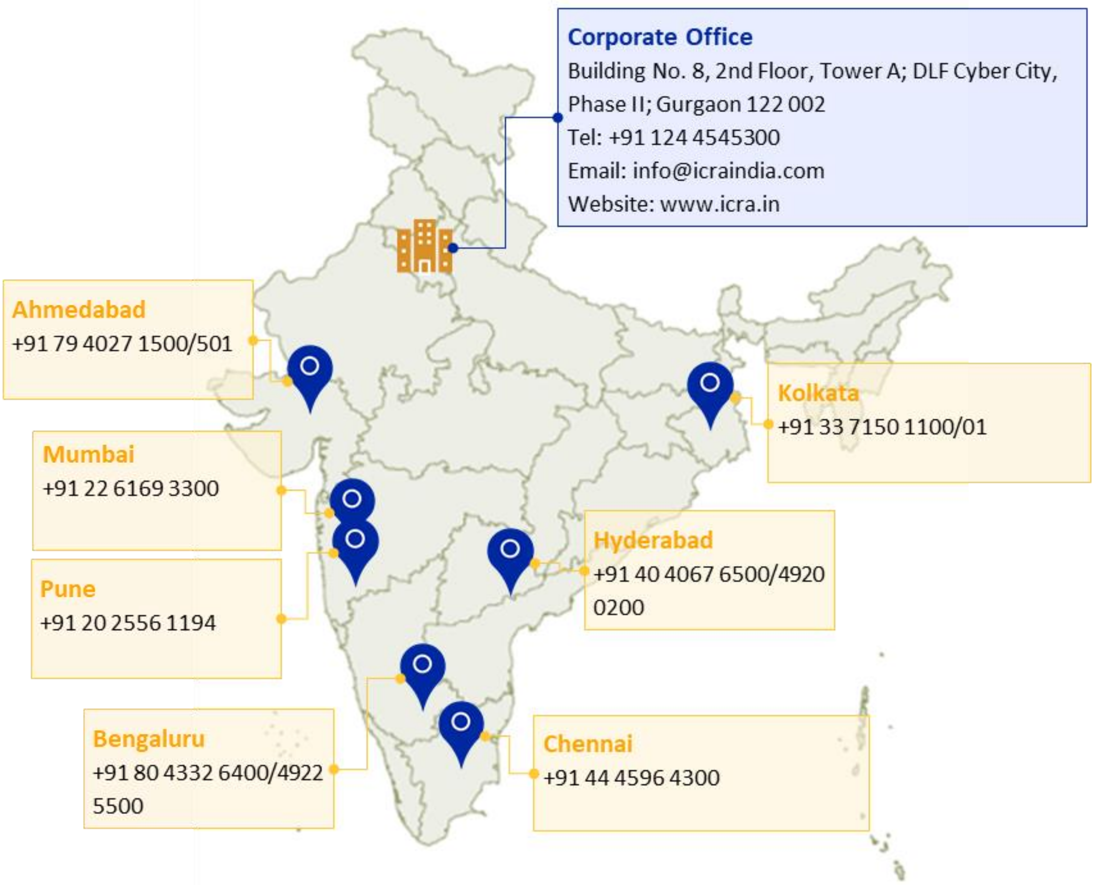
ICRA Limited

Registered Office

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

Branches



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India Ratings Upgrades Tata Power Renewable Energy and its NCDs to 'IND AA+'/Stable

Jan 24, 2024 | Power Generation

India Ratings and Research (Ind-Ra) has upgraded Tata Power Renewable Energy Limited's (TPREL) Long-Term Issuer Rating to 'IND AA+' from 'IND AA'. The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Term loan	-	-	FY34	INR10	IND AA+/Stable	Upgraded
Non-convertible debentures (NCDs)*	-	-	-	INR13	IND AA+/Stable	Upgraded

*Details in Annexure

Analytical approach: Ind-Ra continues to factor into the ratings the strong operational and strategic linkages between TPREL and its parent TPCL. Ind-Ra continues to take a consolidated view of TPREL and its operating subsidiaries, Walwhan Renewable Energy Limited (WREL; 100% owned) and its operating subsidiaries to review the ratings.

The upgrade reflects a similar rating action on TPREL's parent, The Tata Power Company Limited (TPCL; 'IND AA+'/Stable). Ind-Ra expects TPCL to witness strong growth in the renewable energy platform over the medium term, supported by business synergies stemming from the presence of module & cell manufacturing and engineering, procurement & construction (EPC) business. Additionally, the availability of equity for the growth capital from the stake dilution to Greenforest New Energies Bidco Limited (GNEBL; through which BlackRock Real Assets along with Mubadala Investment Company have invested in TPREL) ensures that the leverage of the renewable platform is maintained below 4.5x over the short-to-medium term. TPREL's contribution is likely to increase in the overall EBITDA generation of TPCL, led by capacity addition in renewables. Moreover, the renewable business benefitted from the sharp reduction in generation receivables in FY23 and 1HFY24, leading to cash flow free up.

Key Rating Drivers

Strong Linkages with Parent: TPREL operates as TPCL's renewable energy vehicle. TPCL intends to grow the share of its non-fossil-based capacities in the portfolio to 15GW by 2027 from around 5.5GW (including hydro and waste heat recovery) at end-September 2023 with a contribution of nearly 45% to the overall EBITDA coming from clean energy as compared to 32% EBITDA in FY23, as per the company's strategic intent. Furthermore, TPCL intends to have clean energy constituting 70% of the total installed capacity by 2030. TPREL has four directors in common with TPCL on its seven-member board and the two entities have a common treasury team. The ratings continue to benefit from TPCL and TPREL being a part of the Tata Group. In the past, TPCL had extended support to TPREL by way of corporate guarantees on commercial papers, NCDs and bill discounting facilities, and provided inter-corporate deposits (ICDs).

Renewable Business to Drive Growth: TPCL, as part of a restructuring exercise in 2022, brought the entire renewable business, including, utility scale projects, rooftop installations, solar EPC and manufacturing, solar pumps and electric vehicle charging, under TPREL. Post the asset transfer, TPREL had entered into an agreement with GNEBL in April 2022 for a total investment of INR40 billion. The first tranche of INR20 billion was received in August 2022, the second tranche of INR20 billion was received in February 2023, and allotment of compulsory convertible preference shares (CCPS) was made on preferential basis to GNEBL. GNEBL holds an 11.43% stake in TPREL post the conversion of CCPS into equity. Post the restructuring, Ind-Ra opines the significance of TPREL for the group has increased as it has become the growth engine for the group. Additionally, TPREL's presence across the renewable value chain through cell and module manufacturing, in-house EPC and as a developer, allows for significant business synergies.

Diversified Portfolio: The consolidated entity had an operational solar and wind portfolio of 4.2GW at end-1HFY24 (FYE23: 3.9GW, FYE22: 3.4GW) under various special purpose vehicles. During FY23, the company increased the capacity by 505MW, mainly led by the commissioning of 220MW capacity under TP Kirnali Ltd, and further 225MW capacity under Tata Power Green Energy Ltd (TPGEL; 'IND AA+'/Stable). Nearly 25% of the portfolio was wind and the rest was solar at end-1HFY24, lowering the generation variability. However, the proportion of wind in the mix is likely to increase as TPREL takes up hybrid projects.

The portfolio is well diversified geographically across 14 states with the top five states forming 72% of the installed capacity base at 1HFYE24 with Gujarat, Maharashtra and Karnataka at 17%, 16% and 14%, respectively. Similarly, the portfolio is well diversified across counterparties with nearly 50% of operational capacity at end-1HFY24 with strong counterparties such as Gujarat Urja Vikas Nigam Limited (GUVNL), Solar Energy Corporation of India Limited (SECI), National Thermal Power Corporation Limited ('IND AAA'/Stable) and Tata Power distribution business, along with group captive projects. GUVNL, Tata Power distribution business and Karnataka discoms constituted 20%, 14% and 10%, respectively, of the capacity base at end-1HFY24. All its operational projects have tied-up power purchase agreements (PPAs); over 95% of the operational portfolio has 25-year PPAs, with more than 15 years of average PPA life remaining, thereby providing revenue visibility. The weighted average tariff of the operational projects at end-September 2023 was INR4.30/kWh. TPREL's standalone portfolio average tariff was lower at INR3.35/kWh while WREL's average tariff was significantly higher at INR7.27/kWh. Ind-Ra believes the combined weighted average tariff shall decline with new capacity addition at a lower tariff rate of INR2.5-2.75/kWh for large utilities and INR3.5-4/kWh for group captive projects. The higher tariff for WREL could pose a risk in a scenario wherein new project tariffs would continue to decline, according to Ind-Ra.

Profitability to Increase in FY24: In 1HFY24**,** the consolidated revenue increased to INR42.3 billion (FY23: INR81.9 billion, FY22: INR75.2 billion) and EBITDA to INR15.9 billion (INR29.1 billion, INR27.8 billion), due to an increase in the installed capacity in FY23 and 1HFY24, contributing incremental EBITDA. The solar plant load factor (PLF) increased to 22.9% in 1HFY24 (1HFY23: 22%, FY23: 22.6%, FY22: 21.9%) and the wind PLF to 27.8% (26.8%, 19.1%, 19.5%), contributing to the additional profitability. Of this, the EBITDA of INR15.2 billion came from the generation business and the remaining from the solar EPC business. Ind-Ra expects an EBITDA generation of INR30 billion-32 billion in FY24.

Liquidity Indicator – Adequate; Support from TPCL: At end-1HFY24, TPREL's unrestricted cash and cash equivalent stood healthy at INR27 billion (FY23: INR45 billion, FY22: INR4.1 billion). At 1HFY24, TPREL had a consolidated external debt of INR163 billion (FY23: INR162 billion, FY22: INR152 billion, FY21: INR120 billion) with repayments of around INR10 billion in FY24 and INR15 billion in FY25.Moreover, TPREL has taken a three-year capex letter of credit of around INR32 billion outstanding as on 31 December 2023, of which TP Saurya Limited ('IND AA+'/Stable) has INR15 billion, TP Kirnali Limited has INR 8.5 billion and TPGEL has INR 8.6 billion for the under construction renewable portfolio, which will be converted into a term loan.. The debt at end-1HFY24 comprised external long-term loan borrowings of INR141 billion (FY23: INR139 billion) and short-term borrowings of INR21 billion (FY23: INR22 billion). Moreover, TPREL has financial flexibility in the capital markets on account of it being a part of the Tata Group. Given the changing liquidity scenario, the company is looking at lowering the commercial paper exposure through increasing the use of long-term funds. TPREL's utilisation of its fund-based limits/non-fund-based limits for the 12 months ended December 2023 was at 46% and 77%, respectively.

Receivables Position Improved due to Late Payment Surcharge (LPS) Scheme: TPREL's generation receivables declined to INR6.4 billion at end-1HFY24 (FYE23: INR10.7 billion, FYE22: INR15.7 billion) due to healthy collections across discoms with the recovery of the past dues in instalments owing to the LPS rules notified by the Ministry of Power on 3 June 2022. Of the total receivables, those worth INR0.6 billion (FY23: INR1.7 billion, FY22: INR 1.1 billion) are disputed and worth INR1.54 billion are overdue for more than 90 days. Also, TPREL's under-construction portfolio (UCP) consist of capacity of 33% from group captive projects and 19% and 16% of the capacity with Tata group companies and SECI, respectively, which have better payment terms than state discoms'. This should aid in improving the counterparty profile as the projects get commissioned. The company also does bill discounting of receivables, the interest on which is borne by the discom.

Large Under-construction Portfolio: The company has a large UCP of 3.7GW which would entail a total project cost of around INR200 billion, to be funded in a debt-equity ratio of 75:25 with an average tariff of INR2.7/kWh. Around 66% of the total UCP is for large utility projects and 33% for group captive. The company is also setting up 4.3GW solar cells and module manufacturing line in Tamil Nadu, likely to be commissioned in 1HFY25 at a capital cost of INR42 billion. Moreover, TPREL plans to add 2-3GW annually, split between conventional solar and hybrid/RTC capacity. The raised equity of INR40 billion and annual operating cashflows of INR30 billion-35 billion would comfortably meet the equity requirements over the medium term, according to Ind-Ra. TPREL is unlikely to leverage assets beyond a debt-equity ratio of 3:1. Although the debt-funded capex is likely to increase the leverage ratio and expose TPREL to execution risk, the strong execution track record of the group, ability to finance and the presence of long-term PPAs provide adequate visibility and mitigate the risk.

Declining Module & Cells Prices to boost TPSSL's Performance in FY24: TPSSL's performance is likely to improve during FY24, on account of declining module prices and the fixed price nature of the contracts. TPSSL had a healthy order book of INR158 billion for 3,688MW of projects at 1HFY24 (over 50% as third-party order book; FY23: INR174 billion, FYE22: INR72 billion). In FY25, the company is likely to see benefits on the existing fixed-price order book with the declining module and cells prices. In FY23, the execution of the order book remained low at 1.3GW (FY22: 1.5GW), leading to a decline in TPSSL's revenue to INR68 billion in FY23 (FY22: INR85 billion); however, the EBITDA increased to INR4.7 billion (INR3.6 billion) due to declining module prices. Also, post the start of the 4.3GW module and the cell manufacturing line in FY25, Ind-Ra expects a higher level of integration and the increased ability of the company to sustain its margins.

Moderate Credit Profile: Ind-Ra expects the consolidated credit metrics to improve gradually as the UCP becomes operational and its proportion in the operational portfolio increases. The consolidated net leverage (net debt/EBITDA) declined to 4x in FY23 (FY22: 5.37x) given the high cash balance received from GNEBL. TPREL's gross leverage remained 5.5x in FY23 (FY22: 5.5x) given the limited debt taken for the capex and healthy EBITDA generation. Ind-Ra expects TPREL's overall net leverage to stay between 4x and 5x over the medium term.

Rating Sensitivities

Positive: An improvement in the parent's credit profile, along with TPREL maintaining strong linkages with the parent**.** A sustained improvement in TPREL's business profile as reflected in a higher mix of strong counterparties, scaling up of capacity, maintaining healthy liquidity, and calibrated growth without impacting the leverage profile, all on a sustained basis, will be positive for the ratings.

Negative: A weakening of the linkages with the parent and/or a downgrade on TPCL. Additionally, a decline in the liquidity position of the company, elongated receivables, significant capacity additions to weak counterparties or PPA renegotiations or any significant debt-led expansion/acquisition leading to a higher-than-Ind-Ra-expected leverage over 5.0x, all on a sustained basis, will be negative for the ratings.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on TPREL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

Company Profile

Incorporated in 2007, TPREL is a subsidiary of TPCL, engaged in the generation and sale of renewable energy. Post the restructuring in 2022, TPREL is now the holding company for the group's investment in the renewable business.

FINANCIAL SUMMARY

Particulars (INR billion)	**1HFY24**	**FY23**	**FY22**
Revenue	42.34	81.9	75.2
Operating EBITDA	15.96	29.1	27.8
EBITDA margin (%)	38	35	37
Debt	163.2	161	153
Net leverage (x)	4.26	4	5.37
Interest coverage (x)	2.43	2.41	2.74
Source: TPREL, Ind-Ra			

Non-Cooperation with previous rating agency

Not applicable

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA

Parent and Subsidiary Rating Linkage

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Rating History

Instrument Type	Rating Type	Rated Limits (billion)	Current Ratings	Historical Rating/Outlook				
				23 May 2023	24 March 2023	21 September 2022	27 December 2021	8 Decembe 2020
Issuer Rating	Long-term	-	IND AA+/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable
NCD	Long-term	INR13	IND AA+/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	-	-
Term loan	Long-term	INR10	IND AA+/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stable	-

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook
NCDs	INE607M08055	26 September 2022	7.90	26 September 2029	INR3	IND AA+/Stable
NCDs	INE607M08063	29 September 2022	7.90	28 September 2029	INR3	IND AA+/Stable
NCDs	INE607M08071	30 May 2023	7.75	30 May 2030	INR7	IND AA+/Stable
Total					INR13	

Bank wise Facilities Details

Click here to see the details

Complexity Level of Instruments

Instrument Type	Complexity Indicator
Term loan	Low
NCDs	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Contact

Primary Analyst
Rachit Gupta
Analyst
India Ratings and Research Pvt Ltd
DLF Epitome, Level 16, Building No. 5, Tower B DLF Cyber City, Gurugram Haryana - 122002
+91 124 6687245
For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst
Paras Pal
Senior Analyst
124 6687241

Media Relation
Ameya Bodkhe
Marketing Manager

+91 22 40356121

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Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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