Rating Rationale

February 07, 2025 | Mumbai

Oriana Power Limited

Ratings upgraded to 'Crisil BBB+/Stable/Crisil A2'; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.600 Crore (Enhanced from Rs.100 Crore)**
Long Term Rating	**Crisil BBB+/Stable (Upgraded from 'Crisil BBB/Stable')**
Short Term Rating	**Crisil A2 (Upgraded from 'Crisil A3+')**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has upgraded its ratings on the bank facilities of Oriana Power Ltd (OPL; part of the Oriana group) to **'Crisil BBB+/Stable/Crisil A2'** from 'Crisil BBB/Stable/Crisil A3+'.

The upgrade reflects a sustained improvement in the business risk profile of the company, supported by steady growth in revenue and operating profitability. Revenue recorded a compounded annual growth rate (CAGR) of 124% over the three fiscals through 2024 and is projected to show a further on year growth of 150-160% during fiscal 2025 to around Rs 1000 crore; revenue is estimated at around Rs 354 crore till September-2024. Revenue growth will be aided by solar project orders worth Rs 1758 crore (as of December-2024) and orders in pipeline of over Rs 1200 crore that are to be executed in the next 12-18 months which is expected to lead to significant growth in scale of operations in fiscal 2026. Further, operating profitability improved to 20.4% in fiscal 2024 and is projected to sustain to over 19-20% over the medium term. This will be supported by healthy profitability expected from the end-to-end services for solar EPC projects beyond standard EPC services. Sustained improvement in the scale of operations while sustaining healthy margins would remain monitorable.

The ratings also factor in a healthy financial risk profile, supported by expected networth of Rs 430- 440 crore and low gearing of below 1 time as on March 31, 2025 (1.1 time a year ago). Networth is likely to strengthen led by higher accretion to reserve and fund raising through preferential allotment amounting to Rs 206.85 crore in July 2024 amidst steady business growth. Debt protections metrics remained comfortable in the past and shall continue to remain so over the medium term as well, amidst steady operating profitability and moderate reliance on external debt. Liquidity continues to be adequate, supported by moderate utilization of bank limits for the 12 months through November 2024, sufficient net cash accrual against debt obligation.

The ratings continue to reflect the extensive experience of the promoters, healthy financial risk profile and healthy operating margins. These strengths are partially offset by susceptibility to risks inherent in tender-based operations and risks related to availability of module and regulatory changes.

Analytical Approach

Crisil Ratings has moderately consolidated the business and financial risk profiles of OPL along with its subsidiaries/associates. In line with this, the equity requirement and expected cost overrun in under-implementation projects have been factored into the financials of the group.

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:

- **Extensive experience of the promoters:** The promoters' experience of over a decade in undertaking solar EPC (engineering, procurement and construction) projects, will help OPL focus on sustainable growth in the solar product engineering procurement construction (EPC) industry and healthy relations with suppliers and customers should continue to support the business over the medium term. The company has delivered over 250 megawatts of solar projects, thus completing around 90+ EPC projects in a timely manner and within the stipulated cost (including projects such as floating solar plants and rooftop solar projects). Order book comprising of solar projects of over Rs 1758 crore as of December 2024 and orders of over Rs 1200 crore in pipeline provides healthy revenue visibility for the medium term. Operating income is likely to grow substantially in fiscal 2025 to around Rs 1000 crore (sales of Rs 354 crore till September 30, 2024) from Rs 377 crore in fiscal 2024. Further, diversification into Battery Energy Storage Systems (BESS), (Compressed Biogas) CBG and Green hydrogen verticals, wherein OPL has received significant orders shall also support the growth in business profile over the medium term. Timely execution of order book leading to sustained growth will remain monitorable.

- **Healthy financial risk profile:** The financial risk profile is likely to remain healthy, despite loading debt for SPVs in the books of OPL supported by the strong networth and gearing estimated at Rs 430-440 crores and below 1 time respectively as on fiscal 2025 against Rs 151 crore and 1.1 times respectively in fiscal 2024 supported by additional fund raising in fiscal 2025 and higher accretion to reserves capital structure. On a standalone level, OPL is estimated to have no term debt on books as on March 31, 2025. Improving operating margin over the past few fiscals along with limited dependence on bank debt, has kept debt protection indicators healthy marked by Interest coverage estimated to be over 20 times for fiscal 2025. Over the medium term, in the absence of any debt funded capex plans in OPL, financial risk profile is expected to remain comfortable.

- **Healthy operating profitability:** The company offers end-to-end services for solar EPC projects, right from land identification to project commissioning. The company's service portfolio includes understanding client requirements and providing connectivity beyond standard EPC services. This led to an improvement in operating margins to 20.4% in fiscal 2024. The margin will be shielded against any sharp volatility in raw material prices as the company hedges its inventory requirement at the time of order booking. Operating efficiency margins are expected to remain in the range of 19-20% over the medium term.

Weaknesses:

- **Susceptibility to risks inherent in tender-based operations:** OPL undertakes construction under the EPC model and bags projects through tenders. Hence, revenue and profitability are dependent on the company's ability to successfully win tenders. Revenue remains susceptible to economic cycles or any delay or deferment of capital expenditure (capex). Further intense competition necessitates aggressive bidding in order to bag orders however end to end services in addition to standard EPC provides competitive edge and aided improvement in margins. Intense competition also limits the pricing flexibility and bargaining power of players in the solar EPC industry. This restrains any pass-through mechanism, leading to volatility in the operating margin. Over the medium term, the ability of the company to improve and sustain its profitability amid business growth will remain a key rating sensitivity factor.

- **Risks related to availability of module and regulatory changes**: China dominates the PV module supply chain with a more than 80% share in the global market and signifies the importance of the supply chain in the solar power sector. As per the government directives and imposition of ALMM which continue to tighten supply and potentially constrain contractors since they can no longer import modules. In addition, domestically produced solar panels face shortage from time to time and timely supply is not guaranteed or costs a premium. Therefore, the availability of solar panels also remains vulnerable to changes in government policies and any disruption can cause an increase in the cost of solar EPC or have an adverse impact on timely execution of orders. OPL has a strong operational policy to ensure the availability of critical components for the execution of projects leading to timely completion of projects. However, timely execution of orders amid sustaining profitability remains monitorable.

Liquidity: Adequate

Bank limit utilization was moderate, averaging at 55% for the 12 months through November-2024. Cash accrual of over Rs 110-130 crore over the medium term will be sufficient against nil term debt obligations and extend support to under construction SPVs over the medium term. Unencumbered cash balances of Rs 206 crore will be utilized towards equity contribution for SPVs and the company is likely to invest sizeable equity of Rs 70 crore in fiscal 2025 in its SPVs and above Rs 200 crore in fiscal 2026, however the same would be funded through external sources. OPL has also provided a corporate guarantee for the term debt of its subsidiaries. The current ratio was moderate at 1.78 times as on March 31, 2024.

Outlook: Stable

The group will continue to benefit from the extensive experience of its promoters and healthy order book.

Rating sensitivity factors

Upward factors:

- Sustained improvement in revenue above Rs 1000 crore and sustenance of operating margin, leading to higher-than-expected cash accruals
- Sustenance of healthy financial risk profile

Downward factors:

- Higher-than-expected equity infusion in the SPVs impacting financial risk profile, including liquidity
- Decline in revenue or fall in operating margin below 12-13% leading to lower-than-expected cash accrual

About the Company

Noida (Uttar Pradesh)-based OPL was incorporated as private limited company in 2013 and reconstituted as closely held public limited company in 2023. Promoted by Mr. Parveen Kumar, Mr. Rupal Gupta, and Mr. Anirudh Saraswat, OPL, along with its subsidiaries, is engaged in two main business verticals: offering renewable energy solutions on a BOOT (build, own, operate, transfer) and EPC basis. OPL is listed on the National Stock Exchange (NSE) SME platform.

Key Financial Indicators- Standalone

As on/for the period ended March 31	Unit	H1FY25^	2024	2023
Operating income	Rs.Crore	354.10	377.70	133.87
Reported profit after tax (PAT)	Rs.Crore	52.07	55.13	12.49
PAT margin	%	14.71	14.60	9.33
Adjusted debt/adjusted networth	Times	0.08	0.22	0.42
Interest coverage	Times	22.65	25.43	14.01

^Unaudited

Key Financial Indicators – Moderately Consolidated*

As on / for the period ended March 31	Unit	2024	2023
Operating income	Rs.Crore	377.70	133.87
Reported profit after tax (PAT)	Rs.Crore	55.13	12.46
PAT margin	%	14.60	9.33
Adjusted debt/adjusted networth	Times	1.06	1.77
Interest coverage	Times	25.43	14.01

**Crisil Ratings adjusted financials*

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 Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	30.00	NA	Crisil A2
NA	Cash Credit	NA	NA	NA	15.00	NA	Crisil BBB+/Stable
NA	Fund-Based Facilities	NA	NA	NA	6.90	NA	Crisil BBB+/Stable
NA	Letter of Credit	NA	NA	NA	25.00	NA	Crisil A2
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	23.10	NA	Crisil BBB+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	500.00	NA	Crisil BBB+/Stable

Annexure – List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
AAN Solar Private Limited	Moderate consolidation	To the extent of support towards equity commitment and cost overrun during construction and cash flow mismatches during operations.
Kamet Solar SPV Private Limited		
MSD Solar Private Limited		
OPPL Assets Private Limited		
OPPL DEL 1 SPV Private Limited		
OPPL DEL SPV Private Limited		
OPPL Guj SPV Private Limited		
OPPL SPV CG Private Limited		
OPPL SPV HAR Private Limited		
OPPL SPV Raj Private Limited		
OPPL Teln SPV Private Limited		
RAAV Solar Private Limited		
RAP Solar Private Limited		
Truere Guj SPV Private Limited		
Ashlyn Solar SPV		
Ashlyn Del		
OPWR Del SPV		
Truere SPV Private Limited		
OPAR SPV Private Limited		
Soluxe Power SPV Private Limited		
Solarithic Power SPV Private Limited		
Truere UP 1		
Truere100 ENERGY Private Limited		
Truere DEL SPV Private Limited		
Truere SPV 1 Private Limited		

Truere UP 2 Private Limited		

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	545.0	Crisil BBB+/Stable		--	01-04-24	Crisil BBB/Stable	13-02-23	Crisil B+ /Stable(Issuer Not Cooperating)*		--	Crisil B+ /Stable(Issuer Not Cooperating)*
			--		--	16-02-24	Withdrawn		--		--	--
Non-Fund Based Facilities	ST	55.0	Crisil A2		--	01-04-24	Crisil A3+		--		--	--

All amounts are in Rs.Cr.
** - Issuer did not cooperate; based on best-available information*

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	30	HDFC Bank Limited	Crisil A2
Cash Credit	5	ICICI Bank Limited	Crisil BBB+/Stable
Cash Credit	10	HDFC Bank Limited	Crisil BBB+/Stable
Fund-Based Facilities	6.9	State Bank of India	Crisil BBB+/Stable
Letter of Credit	25	ICICI Bank Limited	Crisil A2
Proposed Long Term Bank Loan Facility	500	Not Applicable	Crisil BBB+/Stable
Proposed Long Term Bank Loan Facility	23.1	Not Applicable	Crisil BBB+/Stable

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
Rating Criteria for Construction Industry
CRISILs Criteria for Consolidation

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