

November 4, 2025

Apraava Shimla Smart Meter Private Limited: [ICRA]A+ (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Others	375.00	[ICRA]A+ (Stable); assigned
Total	375.00	

*Instrument details are provided in Annexure I

Rationale

The assigned rating for Apraava Shimla Smart Meter Private Limited (ASSMPL) factors in the satisfactory progress in the installation of smart meters under its contract with Himachal Pradesh State Electricity Board Limited (HPSEBL). As per the contract, the company is responsible for installing 9,34,409 smart meters along with the associated infrastructure within 27 months of signing the contract. The company will receive fixed monthly service charges for the operational meters through the operating period of 93 months, subject to meeting the stipulated operating parameters, thereby providing long-term revenue visibility. The company would also receive a lumpsum grant, after achieving the operational go-live for the smart meters. As of September 2025, 5,20,451 smart meters (~56% of the contract size) have been installed within the stipulated timeline. Another 4,12,341 smart meters have achieved the go-live status, post the site acceptance tests, with the monthly service charges being billed to HPSEBL.

The rating factors in the availability of a fixed EPC and O&M contract with Sharma Creation, thereby mitigating the cost variation risk for the project. The company has availed an invoice discounting facility to fund the capex for the smart meters, which shall be refinanced at the end of two years from the drawdown. Post refinancing, ICRA expects the company to maintain adequate debt coverage metrics over the contract tenure. Further, the rating considers the presence of a strong parent – Apraava Energy Private Limited {AEPL; rated [ICRA]AAA; rating watch with developing implications / [ICRA]A1+} – which is expected to provide the necessary funding support to ASSMPL, if required.

The rating is, however, constrained by project execution risk given that 44% of the meters are yet to be installed as of September 2025. Nevertheless, the company has demonstrated a healthy progress in installations till date, with the cumulative installations remaining as per the contractual timeline. As per the contract, there are milestones identified under which liquidated damages (LDs) are applicable and any delays pursuant to those milestones for reasons attributable to the company would attract LDs from HPSEBL. However, for meters not installed at the end of the execution period due to non-availability of access to the site or other issues attributable to HPSEBL would be descoped and the debt would not be drawn for these meters.

The rating is further constrained by the presence of a single counterparty (HPSEBL), which exposes ASSMPL to counterparty credit risk. ICRA notes that the project has a direct debit facility (DDF) wherein the online payments made by the consumers of HPSEBL will be deposited in the DDF account and shall be first used to clear the payments to ASSMPL; thereafter, the funds will flow to HPSEBL. However, there have been delays in the receipt of monthly service charges being billed to HPSEBL. This is majorly due to delays in the invoice approval process at HPSEBL's end. Hence, a timely realisation of the payments against the monthly service charge invoices will remain a key monitorable, going forward. Also, the timeliness of lumpsum payments remains to be seen, considering the delays observed after achieving go-live for the meters. This apart, the company's ability to demonstrate compliance with the service level thresholds (SLA), as per the contract, related to meter availability, data collection and delivery of recharge, among others, remains a key monitorable, given that there are provisions for penalty in case of underperformance against these SLAs.

The Stable outlook on the rating derives comfort from the satisfactory progress in project execution so far and ICRA's opinion that the company will benefit from its long-term advanced metering infrastructure service provider (AMISP) contract with HPSEBL. Further, ICRA expects the payment track record from HPSEBL to ASSMPL to improve, going forward.

Key rating drivers and their description

Credit strengths

Strong parentage – The rating draws comfort from the strong parentage of ASSMPL, a wholly-owned subsidiary of AEPL. AEPL has an established track record of owning and operating renewable power and power transmission assets in India. Further, comfort is drawn from the superior financial flexibility of AEPL due to the presence of strong ultimate shareholders – CLP Holdings Limited {rated Moody's A2 (Stable); with 50% shareholding} and Caisse de dépôt et placement du Québec {CDPQ; rated Moody's Aaa (Stable); remaining 50% shareholding}. AEPL is expected to provide funding support to ASSMPL in case of any requirement.

Long-term AMISP contract provides revenue visibility – ASSMPL has signed a long-term contract with HPSEBL for installing and operating 934,409 smart meters along with the associated infrastructure. The contract tenure includes installation period of 27 months for all the meters and an operating period of 93 months for each meter. As of September 2025, the company has installed 520,451 smart meters (~56% of the contract size) within the stipulated timeline. Further, ~412,341 smart meters have achieved the go-live status (as of July 2025), post the site acceptance tests, with monthly service charges being billed to HPSEBL, thereby providing long-term revenue visibility for the company.

Credit challenges

Project execution risk – The company is exposed to project execution risk, given that 44% of the meters are yet to be installed as of September 2025. Nevertheless, the company has demonstrated a healthy progress in installations till date, with the cumulative installations remaining as per the contractual timeline. Moreover, the meters not installed at the end of the execution period due to non-availability of access to the site or other issues attributable to HPSEBL would be descoped and the debt would not be drawn for these meters.

Delay in receipt of payments through DDF arrangement – The project has a DDF arrangement, wherein online payments made by the consumers of HPSEBL will be deposited in the DDF account and shall be first used to clear the payments to ASSMPL; thereafter, the funds will flow to HPSEBL. However, there have been delays in the receipt of monthly service charges being billed to HPSEBL. This is majorly due to delays in the invoice approval process at HPSEBL's end. Hence, a timely realisation of the payments against the monthly service charge invoices will remain a key monitorable, going forward. Also, the timeliness of lumpsum payments remains to be seen, considering the delays observed after achieving the go-live for the meters.

Compliance with service level agreement requirements – As per the contract, the company must meet the stipulated SLAs related to meter availability, data collection and delivery of recharge among others for the operational meters. In case of non-compliance with the SLAs, penalties will be imposed on the company. However, till date there have not been any penalties levied on account of non-adherence in meeting the SLA parameters. Also, the company is contractually protected against any SLA-related penalties imposed by the discom through a back-to-back arrangement with the EPC contractor. Any sustained underperformance of the operating parameters may adversely impact the profitability and will remain a key rating sensitivity.

Liquidity position: Adequate

The liquidity of the company is expected to remain adequate with the available debt financing and equity funding from the sponsor sufficient to fund the capital investments for completing the smart metering installation. Further, the company is expected to receive the monthly service charges for the operational meters. The one-time lumpsum payments for the operationalised meters shall be predominantly used to reduce the debt requirement for the project. Also, the liquidity is supported by the funding support available from the parent, AEPL, on a need basis.

Rating sensitivities

Positive factors – A timely progress in smart meter installation and commissioning the project and meeting the stipulated operating parameters under the AMISP contract on time after the go-live will be the key monitorables for an upgrade. Also, a sustained track record of timely recovery of grant payments and monthly service charges, in line with DDF arrangement, will be considered a positive rating trigger.

Negative factors – Lower-than-estimated debt coverage metrics owing to significant delays in the installation of meters, underperformance on the SLA parameters and/or further delays in the receivable cycle weakening the liquidity position could result in a downgrade. A deterioration in the credit profile of its parent or any adverse change in linkages between AEPL and ASSMPL can weigh on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent: AEPL The assigned rating for ASSMPL factors in the implicit support from the parent, AEPL
Consolidation/Standalone	Standalone

About the company

ASSMPL, which was incorporated in March 2024, is a subsidiary of AEPL. ASSMPL is the AMISP for the implementation of smart metering project in the southern zone of Himachal Pradesh. The company signed the AMISP contract with HPSEBL in May 2024 for a contract period of 120 months, including the 27 months to complete the meter installation milestone. The total number of meters to be installed under the project is 9,34,409.

Key financial indicators (audited)

Standalone	FY2025
Operating income	88.8
PAT	3.3
OPBDIT/OI	5.4%
PAT/OI	3.7%
Total outside liabilities/Tangible net worth (times)	33.6
Total debt/OPBDIT (times)	5.9
Interest coverage (times)	13.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Nov 4, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Others	Long term	375.00	[ICRA]A+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Others	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	Fund based – Others	March 2025	-	March 2027	375.00	[ICRA]A+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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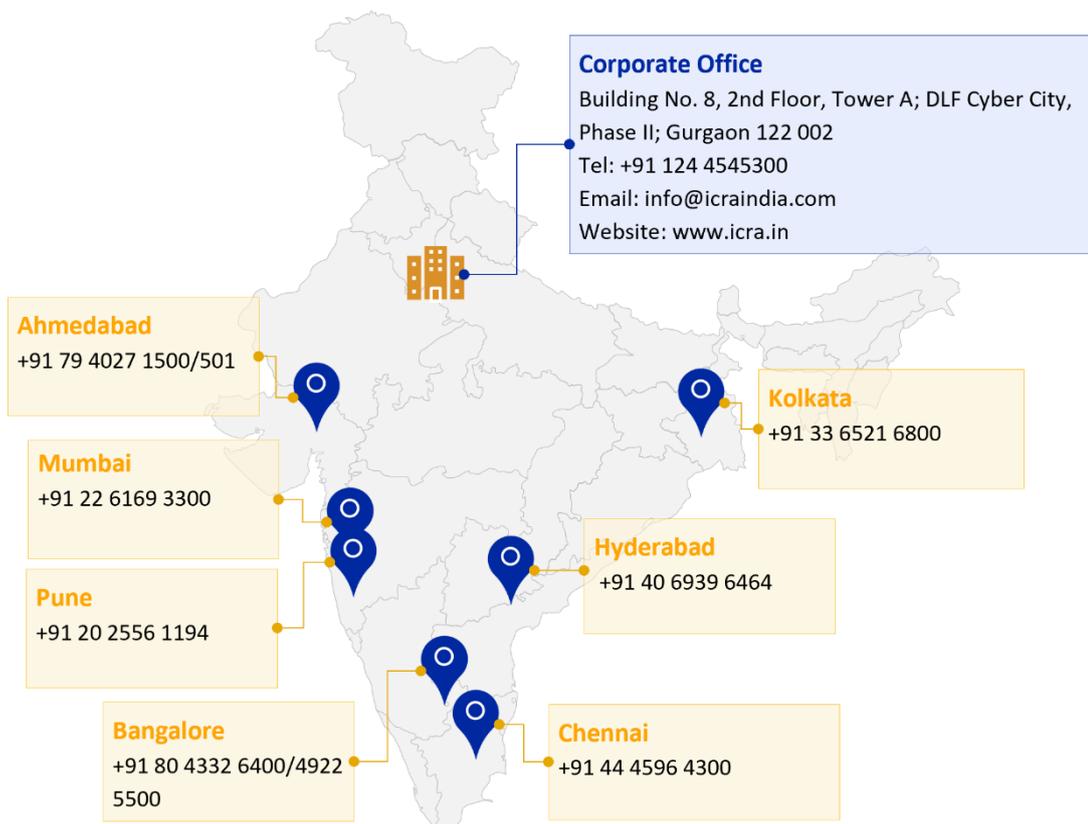
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