May 22, 2025

Adani Hybrid Energy Jaisalmer One Limited: Provisional rating finalised

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Term loan	1661.00	1661.00	[ICRA]AA+ (Stable); provisional rating finalised
Total	**1661.00**	**1661.00**	

**Instrument details are provided in Annexure-I*

Rationale

ICRA has finalised the provisional rating assigned to the bank facilities of Adani Hybrid Energy Jaisalmer One Limited (AHEJ1L). The finalisation of the provisional rating considers the completion of loan documentation including signing of loan agreement, trust and retention account agreement and the co-obligor agreement with other special purpose vehicles (SPVs) - Adani Hybrid Energy Jaisalmer Two Limited (AHEJ2L) and Adani Hybrid Energy Jaisalmer Four Limited (AHEJ4L), with the key terms being in line with the terms indicated at the time of assigning the provisional rating.

The rating factors in the benefits available to AHEJ1L, from being part of a cash pooling mechanism and the cross-default linkages with two other SPVs of the Adani Group - AHEJ2L and AHEJ4L, wherein surplus cash from any of the three SPVs can be used to meet the shortfall in debt servicing for any of the other SPVs in this pool. The three SPVs have raised long-term project debt from domestic lenders with a tenure of ~17 years to refinance the external commercial borrowings (ECB) in February 2025.

The three SPVs have set up hybrid renewable energy projects in Rajasthan, with a contracted capacity of 1,390 MW and installed capacity of 1947 MWac through a solar wind mix of 65:35. The power purchase agreements (PPAs) for this capacity is tied up with Solar Energy Corporation of India Limited (SECI) for 690 MW and Adani Electricity Mumbai Limited (AEML) for 700 MW. The projects under these three SPVs were operationalized between May 2022 & October 2022 and commissioned between May 2022 & October 2023 and their generation performance has been satisfactory, post commissioning, resulting in healthy debt coverage metrics.

The rating for AHEJ1L factors in the limited demand and tariff risks resulting from the presence of a long-term PPA for 25 years with SECI for its hybrid project having a contracted capacity of 390 MW and an installed capacity of 461 MWac (Solar: 360 MWac, Wind: 101 MW) at a fixed tariff. SECI is an intermediary counterparty and has signed power supply agreements (PSAs) with the state-owned distribution utilities (discoms) of Haryana for supply from this project. ICRA draws comfort from the presence of a strong counterparty, SECI (rated [ICRA]AAA (Stable) / [ICRA]A1+), leading to timely receipt of payments. Moreover, the applicable tariff of Rs. 2.69/unit under the PPA with SECI is highly competitive in relation to the average power purchase cost of the Haryana discoms, providing additional comfort. Further, given the long-term PPA at a competitive tariff and the long tenure of the project debt, the debt coverage metrics of the company are expected to be healthy with the cumulative debt service coverage ratio (DSCR) on the project debt estimated at over 1.35x.

The company reported PLF of 34.8% in FY2024 and 34.2% in FY2025 against a P-90 PLF estimate of 35.7% for its hybrid project. While it is marginally lower than P-90 estimate, the generation has been higher than the minimum generation committed under the PPA. Further, at a pool level, the performance remained satisfactory as the three SPVs reported a PLF of 42.8% in FY2024 and 41.6% in FY2025 respectively against a P-90 PLF estimate of 43.8%.

The rating is, however, constrained by the sensitivity of the cash flows and debt protection metrics to the generation performance of the renewable capacity, given the single part tariff under the PPAs. Any adverse variation in weather conditions and solar module/wind turbine generators (WTGs) performance may adversely impact the PLF and consequently the cash flows. While all the assets are in Jaisalmer, Rajasthan, ICRA notes that the projects are spread across multiple locations in this region, providing some comfort against the geographic concentration risk.

ICRA further notes that the company's debt coverage metrics remain exposed to the interest rate movement, given the fixed tariff under the PPA and a leveraged capital structure. Further, the company's operations are exposed to the regulatory risks pertaining to the scheduling and forecasting requirements of wind and solar power projects.

The Stable outlook on the long-term rating assigned to AHEJ1L reflects ICRA's opinion that the company would benefit from the long-term PPA with a strong counterparty. Also, expectations of a satisfactory generation performance resulting in healthy debt coverage metrics support the outlook.

Key rating drivers and their description

Credit strengths

Revenue visibility from long-term PPA with strong counterparty; superior tariff competitiveness - The company has signed long-term PPA with SECI at a fixed tariff, which provides revenue visibility and limits the demand and tariff risks for its hybrid power project. Moreover, the presence of a strong counterparty is expected to result in a timely receipt of payments for the company. Further, the tariff offered by the project remains highly competitive, which is at a discount to the average power purchase cost of the offtaking discoms.

Benefits of being part of a co-obligor structure - The company benefits from being part of a cash pooling mechanism and having cross-default linkages with two other SPVs of the group, wherein surplus cash from any of the three SPVs can be used to meet the shortfall in debt servicing of any other SPV in this pool. This three-SPV pool is a portfolio of wind and solar assets aggregating to 1,390 MW spread across multiple locations in the Jaisalmer region over a total area of 3,887.69 square kms. The entire capacity is tied up with strong counterparties such as SECI and AEML.

Satisfactory generation performance since commissioning - The performance remained satisfactory as the company reported PLF of 34.8% in FY2024 and 34.2% in FY2025 against a P-90 PLF estimate of 35.7% for its hybrid project. While it is marginally lower than P-90 estimate, the generation has been higher than the minimum generation committed under the PPA. Further, at a pool level, the performance remained satisfactory as the three SPVs reported a PLF of 42.8% in FY2024 and 41.6% in FY2025 respectively against a P-90 PLF estimate of 43.8%.

Healthy debt coverage metrics – The debt coverage metrics for the company and the pool are expected to be healthy, supported by the long-term PPAs at competitive tariffs, the long tenure of the project debt and competitive interest rate. The cumulative DSCR for the pool of three SPVs is expected to be comfortable at over 1.35x over the debt tenure**.**

Credit challenges

Sensitivity of debt metrics to energy generation - The debt metrics of the power projects remain sensitive to the PLF level, given the one-part tariff structure under the PPA. Hence, any adverse variation in weather conditions and/or equipment performance may impact the PLF and consequently the cash flows. Therefore, the ability of the project to achieve the design P-90 PLF on a sustained basis remains crucial.

Exposed to interest rate risk - The debt coverage metrics of the company remain exposed to the variation in interest rates because of a leveraged capital structure, the single-part nature of the fixed tariff in the PPAs and floating interest rates.

Regulatory risks - The company's operations remain exposed to regulatory risks pertaining to scheduling and forecasting requirements applicable for solar and wind energy projects, given the variable nature of energy generation. Further, ICRA notes that there is an indictment and civil complaint filed by the US Department of Justice and the US Securities and Exchange

Commission against the chairman and senior officials of Adani Green Energy Limited (AGEL; ultimate holding company of AHEJ1L, AHEJ2L and AHEJ4L) in November 2024. Any adverse outcome of these investigations and its impact on the financial profile of the group will remain monitorable. This is given that the debt terms for AHEJ1L, AHEJ2L and AHEJ4L includes a cross-default clause with the parent, AGEL and other fellow subsidiaries, availing financing from the same lender. Nonetheless, the favourable business and financial profile of the three SPVs (operational project, long-term PPA with strong counterparty and strong debt coverage metrics) and the consequent financial flexibility are the mitigating factors.

Liquidity position: Strong

The liquidity position of the company is expected to be strong, supported by healthy cash flow from operations in relation to the debt servicing obligations post refinancing and the liquidity reserve to be maintained. ICRA expects the company to generate cash flows from operations of ~Rs. 280-285 crore annually in FY2026 and FY2027, against an annual debt servicing obligation of ~Rs. 210 crore. The company is also expected to maintain a debt service reserve account (DSRA) equivalent to one quarter of interest and principal obligations under the term loan. Further, the company has a cash and bank balance (including DSRA) of Rs. 112.0 crore as on March 31, 2025.

Rating sensitivities

Positive factors – The rating can be upgraded if the generation performance of the pool capacity remains above the P-90 estimate on a sustained basis along with a reduction in leverage level thereby significantly strengthening the debt coverage metrics of the three SPVs.

Negative factors – The rating could be downgraded if the generation performance of the assets in the pool deteriorates, thereby adversely impacting their debt coverage metrics. A specific credit metric for downgrade includes the cumulative DSCR on the external debt for the pool of three SPVs falling below 1.30 times. Further, any significant delays in receiving payments from the offtakers adversely impacting on the pool's liquidity profile would be a negative factor.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar Power - Wind
Parent/Group support	ICRA has consolidated the financials of the three SPVs – Adani Hybrid Energy Jaisalmer One Limited, Adani Hybrid Energy Jaisalmer Two Limited & Adani Hybrid Energy Jaisalmer Four Limited to arrive at the notional group rating. The notional group rating is used to notch up the individual SPV ratings, factoring in implicit support, given the expected fungibility of surplus cash among the SPVs.
Consolidation/Standalone	The rating is based on the standalone financials of the company.

About the company

AHEJ1L is an SPV promoted by Adani Green Energy Limited. The company has set up a 390-MW hybrid power project with an installed capacity of 461 MW (Solar: 360 MWac, Wind: 101 MW) in Jaisalmer, Rajasthan. The hybrid project under AHEJ1L was commissioned in May 2022 and has tied up a long-term PPA of 25 years with SECI.

Key financial indicators:

AHEJ1L Standalone (Audited)	FY2023	FY2024	FY2025^
Operating income (Rs. crore)	255.6	311.1	302.6
PAT (Rs. crore)	12.0	29.4	18.0
OPBDIT/OI (%)	93.7%	93.8%	94.4%
PAT/OI (%)	4.7%	9.4%	6.0%
Total outside liabilities/Tangible net worth (times)	2.8	2.7	NA
Total debt/OPBDIT (times)	8.0	6.5	6.5
Interest coverage (times)	1.5	1.5	1.3

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 amortization; ^provisional financials; NA: Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				May 22, 2025	Jan 31, 2025	-	-
1	**Term loan**	Long term	1661.00	**[ICRA]AA+ (Stable)**	**Provisional [ICRA]AA+ (Stable)**	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based –Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term loan**	Feb 2025	-	Jan 2042	1661.00	[ICRA]AA+ (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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ABOUT ICRA LIMITED

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

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