

June 30, 2025

## Apraava Smart Meter Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Others	262.58	262.58	[ICRA] A+ (Stable); reaffirmed
Long term - Unallocated	0.42	0.42	[ICRA] A+ (Stable); reaffirmed
<b>Total</b>	<b>263.00</b>	<b>263.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation for the bank facilities of Apraava Smart Meter Private Limited (ASMPL) factors in the satisfactory progress in the installation of smart meters under its contract with Assam Power Distribution Company Limited (APDCL). As per the contract, the company is responsible for installing 693,077 prepaid smart meters along with the associated infrastructure within 27 months of signing the contract. The company will receive fixed monthly charges for the operational meters through the operating period of 93 months, subject to meeting the stipulated operating parameters, thereby proving long-term revenue visibility. The company would also receive a lumpsum grant, after achieving the operational go-live for the smart meters.

As of April 2025, 638,335 smart meters (~92% of contract size) have been installed within the stipulated timelines. Further, ~600,000 smart meters have achieved go-live status, post the site acceptance tests with the monthly service charges being billed to APDCL. Also, the company has received ~73% of the lumpsum grant billed as of April 2025, which has supported its liquidity.

The rating also factors in the availability of a fixed O&M contract with Anvil Cables Private Limited, thereby mitigating the cost variation risk for the project. Further, the rating considers the presence of a strong parent -Apraava Energy Private Limited (AEPL; rated [ICRA]AAA(Stable)/[ICRA]A1+) - which is expected to provide the necessary funding support to ASMPL, if required.

The rating is, however, constrained by the counterparty credit risk due to the exposure to single counterparty (APDCL). ICRA notes that the project has a direct debit facility (DDF) wherein the online payments made by the consumers of APDCL will be deposited into the DDF and shall be first used to clear the payments to ASMPL; thereafter, the funds will flow to APDCL. However, there are delays in receipt of monthly service charges being billed to APDCL. This is majorly due to delays in the invoice approval process with APDCL. Hence, timely realization of payments against monthly service charge invoices will remain a key monitorable, going forward. 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 company also remains exposed to refinancing risk as the invoice discounting facility availed to fund the capital expenditure is due for repayment in September 2025. However, ICRA believes the company will be able to timely refinance its debt facility, given its financial flexibility due to a strong parentage. Also, post refinancing, ICRA expects the company to maintain adequate debt coverage metrics over the contract tenure.

The company is also exposed to limited project execution risk for the remaining smart meter installations, as it has demonstrated a healthy progress in installations till date, with the cumulative installations remaining within the contractual timeline. Also, 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 APDCL. However,

meters not installed at the end of the execution period due to non-availability of access to the site or other issues attributable to APDCL would be either descoped or would be installed after the installation milestone. The proportionate debt would not be drawn in case of descoping for the balance meters.

The Stable outlook on the long-term 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 APDCL. Further, ICRA expects the payment track record from APDCL to ASMPL to improve, going forward.

## Key rating drivers and their description

### Credit strengths

**Strong parentage** - The rating draws comfort from the strong parentage of ASMPL, a wholly-owned subsidiary of AEPL. AEPL has an established track record of owning and operating renewable power, thermal power and power transmission assets in India with an aggregate operational generation capacity of 2.75 gigawatt (GW) and transmission lines of 494 kilometres (km). 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 ASMPL in case of any requirement.

**Long-term AMISP contract provides revenue visibility** – ASMPL has signed a long-term contract with APDCL for installing and operating 693,077 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 April 2025, the company has installed 638,335 smart meters (~92% of contract size) within the stipulated timeline. Further, ~600,000 smart meters have achieved go-live status, post the site acceptance tests, with monthly service charges being billed to APDCL, thereby providing long-term revenue visibility for the company.

### Credit challenges

**Delay in receipt of monthly service charge payments through DDF arrangement** – The project has presence of a direct debit facility (DDF), wherein online payments made by the consumers of APDCL will be deposited into the DDF and shall be first used to clear the payments to ASMPL; thereafter, the funds will flow to APDCL. However, there are delays in receipt of monthly service charges being billed to APDCL. This is majorly due to delays in the invoice approval process with APDCL. Hence, timely realization of payments against monthly service charge invoices will remain a key monitorable, going forward. However, comfort can be drawn from the fact that the company has received ~73% of the lump sum grant billed as of April 2025 which has supported the liquidity of the company.

**Refinancing risk** - The company also remains exposed to refinancing risk as the invoice discounting facility availed to fund the capital expenditure is due for repayment in September 2025. However, ICRA believes the company will be able to timely refinance its debt facility, given its financial flexibility due to a strong parent. Also, post refinancing, ICRA expects the company to maintain adequate debt coverage metrics over the contract tenure.

**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. During the initial months of operations, the company under-performed against certain SLAs due to the initial stabilisation phase and attracted minor penalties. However, the penalties have reduced in the recent months. Moreover, the company is contractually protected against any SLA-related penalties imposed by the Discom through a back-to-back arrangement with the EPC contractor, Anvil Cables Pvt. Ltd. Any sustained underperformance of the operating parameters may adversely impact profitability and will remain a key rating sensitivity

### Liquidity position: Adequate

The company’s liquidity position is expected to remain adequate, supported by available cash/bank balances (Rs. 5.5 crore as on June 17, 2025) and expected financial support from the parent company, AEPL, in case of any requirement. The company remains exposed to refinancing risk as the invoice discounting facility availed to fund the capital expenditure is due for repayment in September 2025. However, ICRA believes the company will be able to timely refinance its debt facility, given its financial flexibility due to a strong parentage. Also, post-refinancing, the cash surplus generated from the project and the expected regular payments from APDCL should be sufficient to meet the debt obligations.

### Rating sensitivities

**Positive factors** – Meeting the stipulated operating parameters under the AMISP contract, along with a sustained track record of timely recovery of grant payments and monthly service charges in line with DDF arrangement will be the key monitorables for an upgrade.

**Negative factors** – Lower-than-estimated debt coverage metrics due to continued challenges in improving 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 ASMPL can weigh on the rating.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Parent: AEPL The assigned rating for ASMPL factors in the implicit support from the parent, AEPL
Consolidation/Standalone	Standalone

### About the company

ASMPL, incorporated in February 2023, is a subsidiary of AEPL. ASMPL is the advanced metering infrastructure service provider (AMISP) for the smart prepaid metering project in a part of Assam on DBFOOT (design, build, finance, own, operate & transfer) basis, winning the Package-1 (Bongaigaon and Kokrajhar electrical circles) under the Revamped Distribution Sector Scheme (RDSS). The company has signed the AMISP contract with Assam Power Distribution Company Limited (APDCL) in March 2023 with an installation period of 27 months for all the meters and operating period of 93 months for each meter.

### Key financial indicators (audited)

	FY2024	FY2025
Operating income	72.1	191.9
PAT	1.2	7.2
OPBDIT/OI	5.8%	12.3%
PAT/OI	1.7%	3.7%
Total outside liabilities/Tangible net worth (times)	14.6	18.4
Total debt/OPBDIT (times)	20.5	9.3
Interest coverage (times)	1.7	1.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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					
		FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)	June 30, 2025	Date	Rating	Date	Rating	Date	Rating
Long term – Others - Fund based	Long term	262.58	[ICRA]A+ (Stable)	-	-	01-MAR-2024	[ICRA]A+ (Stable)	-	-
Long term - Unallocated-	Long term	0.42	[ICRA]A+ (Stable)	-	-	01-MAR-2024	[ICRA]A+ (Stable)	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Others	Simple
Long term - Unallocated	Not Applicable

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	Long term - Fund based – Others^	NA	NA	NA	262.58	[ICRA]A+ (Stable)
NA	Unallocated	NA	NA	NA	0.42	[ICRA]A+ (Stable)

Source: Company ^ Purchase invoice financing facility

[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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