March 31, 2025

Apraava Energy Private Limited: [ICRA]AAA (Stable)/[ICRA]A1+; assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund-based – Term loan	257.36	[ICRA]AAA (Stable); assigned
Long term/Short term – Fund-based/Non-fund based	2,361.00	[ICRA]AAA (Stable)/ [ICRA]A1+; assigned
Long term/Short term – Unallocated	381.64	[ICRA]AAA (Stable)/ [ICRA]A1+; assigned
Total	**3,000.00**	

**Instrument details are provided in Annexure I*

Rationale

The assigned ratings draw comfort from the established track record of Apraava Energy Private Limited (AEPL) in developing and operating renewable power, thermal power, power transmission and smart metering assets in India with an aggregate operating generation capacity of 2.75 GW, transmission lines of 494 KM and 0.83 million meters[1]. Further, the ratings draw comfort from its healthy financial profile and the strong profile of the ultimate shareholders – CLP Holdings Limited {rated Moody's A2 (Stable); 50% shareholding} and Caisse de dépôt et placement du Québec {CDPQ; rated Moody's Aaa (Stable); 50% shareholding}. ICRA draws comfort from the superior financial flexibility derived by AEPL from the presence of strong shareholders and the high commitment from the shareholders to support its growth requirements.

The generation and transmission assets of AEPL have high revenue visibility, supported by the availability of long-term offtake agreements and a satisfactory track record of operations. Further, the portfolio diversification in terms of geography, technology and customers provides comfort from a credit perspective. The performance of the 1,320-MW thermal asset under Jhajjar Power Limited (JPL) has remained satisfactory with plant availability remaining above the normative level, leading to full recovery of fixed charges under the power purchase agreements (PPA) signed with the Haryana discoms and Tata Power Trading Company Limited. While the performance of the wind assets (1,176 MW) operated under AEPL and its subsidiaries has shown a mixed generation trend, remaining below the P-90 generation estimate over the past five years, the performance of the solar assets (250 MW) has been satisfactory in line with the P-90 generation estimate. The availability of long-term offtake agreements and a satisfactory operating performance is expected to lead to comfortable debt coverage metrics for the company, going forward.

The ratings are, however, constrained by AEPL's exposure to financially weak state distribution companies (discoms) for the operational power generation capacities, which poses counterparty credit risk and thereby the risk of delayed payments. While the payment delays were prominent in the case of the state discoms of Maharashtra, Telangana and Rajasthan where AEPL's exposure is particularly high for its renewable (RE) assets, the payment discipline from the state discoms has improved over the past 30 months following the implementation of the late payment surcharge (LPS) rules notified by the Ministry of Power, Government of India in June 2022. Also, the diversity in the offtaker base and a healthy liquidity buffer maintained by the company are the mitigating factors against this risk.

The ratings also consider the implementation risks associated with the ongoing renewable, transmission and smart metering projects of the Group. The Group has three solar power projects (600 MW), one wind power project (300 MW), four inter-state transmission projects and smart metering projects across multiple states aggregating to 6.86 million meters under various

[1] *As on February 3, 2025*

stages of development. The capex investments for these projects are estimated at over Rs. 12,000 crore over the next three years and is likely to be met through the available liquidity, internal accruals and project debt.

While the leverage level remains modest at present with net debt/OPBDITA below 2.5x in FY2024 and FY2025, it is likely to increase over the medium term given the company's large capex plans to expand its portfolio. Nonetheless, the debt coverage metrics are expected to be comfortable. Further, AEPL's consolidated repayments in the medium term are sizeable, which may result in refinancing requirements. Nonetheless, its healthy financial flexibility reflected through its demonstrated refinancing ability in the past, the sufficiently long tail period for the assets and the presence of strong sponsors offer comfort. The rating also takes note of the company's modest return indicators on a consolidated basis.

ICRA also notes that the company remains exposed to risk of delays or denial of approvals for acquiring new projects or participating in greenfield tenders in the power sector, as per the Press Note 3 of 2020 (Press Note) issued by the Department of Industrial Policy and Promotion (DIPP), which imposed stricter norms on foreign investments in Indian companies by investors from bordering countries. The company has received approval from the Government of India for participating in tenders for greenfield projects for a period of three years till December 2027.

The Stable outlook on AEPL's rating reflects ICRA's opinion that the company will benefit from its diversified business profile, presence of long-term offtake agreements and a comfortable financial profile.

Key rating drivers and their description

Credit strengths

Diversified operating power portfolio across thermal generation, renewable generation, power transmission and smart metering with established track record of operations - AEPL is one of the leading companies in the power sector in India, with the Group having an operating capacity of 2,746.2 MW of installed power generation capacity which includes 1,176.2-MW wind power, 250-MW solar power and a 1,320 MW coal-fired supercritical power plant. The portfolio has demonstrated a satisfactory operating track record, with more than 62% of the renewable portfolio operational for more than 10 years. The company also has two power transmission assets of 494 km in length which also have a satisfactory track record of maintaining more than normative line availability. Further, the company has forayed into the installation of smart meters in six Indian states under long-term contracts with the state distribution utilities, with 0.83 million meters completed as on February 3, 2025. The performance of the commissioned meters has remained satisfactory so far.

Long-term offtake agreements for power projects provide high revenue visibility - The generation and transmission assets of AEPL have high revenue visibility, supported by the availability of long-term power purchase agreements (PPAs) for the power generating assets and transmission service agreements (TSAs) for the transmission assets at largely fixed tariffs. The operating renewable energy portfolio and thermal power capacity have a balance PPA life of over ~13 years and ~12 years, respectively. The balance TSA tenure for the transmission asset in Madhya Pradesh is ~15 years and 30 years for the transmission asset in the North East, which provides long-term revenue visibility for the company. Also, the smart metering projects undertaken by the company have a contract tenure of ~93 months, providing adequate revenue visibility.

Comfortable financial profile characterised by healthy debt coverage metrics and adequate liquidity buffer - AEPL's debt coverage indicators are expected to remain comfortable over the debt tenure, given the satisfactory generation performance, moderate leverage level and competitive cost of financing. Also, its liquidity profile remains adequate, with the company maintaining large cash balances as well as undrawn working capital lines.

Superior financial flexibility by virtue of strong parent, CLP Holdings Limited and CDPQ - ICRA draws comfort from the superior financial flexibility derived by AEPL from the presence of strong shareholders, CLP Holdings Limited {rated Moody's A2 (Stable); 50% shareholding} and CDPQ {rated Moody's Aaa (Stable); 50% shareholding} and the high commitment from the shareholders to support its growth requirements. Further, its demonstrated refinancing ability in the past and the sufficiently long tail period of the assets offer comfort.

Credit challenges

Large expansion plans expose firm to execution risks and higher leverage concerns - AEPL faces implementation risk for its ongoing greenfield renewable, transmission and smart metering projects across multiple states. Within this, the 300-MW wind project at Aksi is facing delays in execution owing to the lack of readiness of the grid evacuation infrastructure. The Group has been recently awarded 600-MW solar power assets, which are in early stages of development. Further, the company is executing four transmission projects - three in Rajasthan and one in Madhya Pradesh. The company is also installing smart meter projects across multiple states. The company is expected to incur a capex of ~Rs. 12,000 crore over the next three years, funded through internal accruals, cash balances and debt funding. While the consolidated leverage level is expected to increase owing to the debt-funded capex, ICRA expects the company to maintain comfortable debt coverage metrics supported by the healthy cash flows from the operating assets. Moreover, support is expected to be forthcoming from the shareholders to meet AEPL's growth requirements.

Counterparty credit risks from exposure to state discoms having weak financial profiles - There is significant exposure at the consolidated level to financially weak state discoms for the operational power generation, transmission and smart metering assets of AEPL, which could lead to the risk of delayed payments. Within the operating RE capacity, 67% of the capacity is tied up with state discoms having weak financial profiles. Also, the thermal asset remains exposed to the Haryana discoms that have a moderate financial profile. Nonetheless, comfort is drawn from AEPL's diversified counterparty profile, the presence of strong counterparties for 33% of the operating RE capacity and all under-construction RE assets and the improved payment discipline of the discoms since June 2022, following the implementation of the late payment surcharge (LPS) rules by the Government of India. The sustainability of this payment discipline over a longer period remains to be seen. Also, the payment track record for the thermal asset under JPL has remained satisfactory over the years.
The risk of exposure to the state discoms for its smart metering projects is expected to be mitigated through the direct debit facility (DDF) mechanism, wherein online payments made by the consumers of the discoms will be deposited in a DDF account. The money shall be first used to clear the payments to the smart metering service provider; thereafter, the remaining funds will flow to the discoms. However, the DDF mechanism has a limited track record of operations, and the timeliness of payments will have to be monitored over a longer period. On a consolidated level, the receivable position of the company has improved significantly with the debtor days decreasing to 37 days in FY2024 from 150 days in FY2023.

Renewable power projects exposed to weather conditions - Given the single-part tariff structure under the PPAs, any underperformance in generation by the renewable assets would impact the cash flows and, in turn, the debt coverage metrics. The generation by the renewable assets remains exposed to weather conditions, seasonality and equipment performance. Nonetheless, comfort can be drawn from the established track record of the wind and solar power projects and the presence of renewable assets across seven states, which reduces the vulnerability of generation to location-specific issues.

Exposure to operations and maintenance (O&M) risks – The cash flows from the renewable and transmission assets are closely linked to the generation performance and line availability, which in turn is linked to the adequate maintenance of these assets. The risk of equipment breakdown and a sharp increase in O&M costs would be relatively high for the ageing wind assets. Herein, comfort is drawn from the presence of experienced contractors and a satisfactory track record of operations so far. Further, for the smart metering assets, the company must meet the stipulated service level thresholds (SLAs) related to meter availability, data collection and delivery of recharge, among others. In case of non-compliance with the SLAs, the company will impose penalties. Any sustained underperformance on the operating parameters may adversely impact the profitability. A demonstration of track record for the smart metering assets over a longer period remains to be seen.

Liquidity position: Adequate

AEPL's liquidity position is supported by the large cash balances, expectations of healthy cash flows from operations and the availability of undrawn working capital lines. As on March 20, 2025, the company had cash balances of Rs. 1,677.23 crore at the consolidated level, including restricted cash of Rs. 463.45 crore. The consolidated cash flows are expected to be adequate to service the total term loan repayment obligations. The funding requirements for the upcoming projects are expected to be met through a mix of internal accruals and debt funding. Further, support is expected to be forthcoming from the shareholders to fund the growth requirements of the company.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – The ratings could be downgraded if the performance of the operating assets weakens, adversely impacting the company's debt coverage metrics. Further, delays in the execution of the ongoing projects or higher-than-expected debt funded capex requirements adversely impacting the debt coverage metrics and liquidity position may trigger a downgrade. A specific credit metric for downgrade would be the forward-looking 5-year average DSCR falling below 1.45x. Also, delays in receiving payments from the customers would weigh on the company's liquidity position and warrant a downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar Power - Wind Power – Thermal Power - Transmission
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of the company

About the company

Apraava Energy Private Limited (AEPL; earlier known as CLP India Private Limited) is a 50:50 JV between CLP Holdings Limited and CDPQ through their subsidiaries CLP GPEC (Mauritius) Holdings Limited and CDPQ Infrastructure Asia II Pte. Limited, respectively. AEPL started its India operations in FY2003 by acquiring a 655-megawatt (MW) gas-fired combined cycle power plant at Paguthan near Bharuch in Gujarat. This plant is currently non-operational. Thereafter, the company won a 1,320-MW coal-based power project in Haryana under Case-II bidding, which was commissioned in 2012. Further, the company forayed into renewable energy projects by developing a 50.4-MW wind power project at Khandke, Maharashtra, under a subsidiary. Over the years, it added more renewable projects through organic and inorganic ways, under various SPVs with AEPL serving as the holding company.

It also forayed into the power transmission business by acquiring an operational intra-state transmission project (240-km, 400-kV transmission line) set up in Madhya Pradesh, under Satpura Transco Private Limited (STPL), in November 2019. Later, in December 2021, AEPL acquired Kohima Mariani Transmission Limited (KMTL; an inter-state transmission asset which operates 254-km 400-kV transmission lines in Manipur, Nagaland and Assam). In FY2023, the company also entered into smart meter installation by winning contracts in two states – Assam and Gujarat.

The company is currently involved in developing and operating power generation projects across the renewable and thermal segments, power transmission projects and smart metering projects. The current portfolio of the company comprises 2,746.2 MW of installed power generation capacity, which includes 1,176.2-MW wind power, 250-MW solar power, a 1,320-MW coal-fired supercritical power plant and two power transmission assets of 494 KM in length. Further, the company has forayed into the installation of smart meters in various states of India under long-term contracts with the state distribution utilities.

Key financial indicators (audited)

Consolidated	FY2023	FY2024
Operating income	5537.3	5984.2
PAT	1233.5	846.1
OPBDIT/OI	27.8%	33.0%
PAT/OI	22.3%	14.1%
Total outside liabilities/Tangible net worth (times)	0.9	0.8
Total debt/OPBDIT (times)	4.5	2.9
Interest coverage (times)	3.5	4.4

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

	Current (FY2025)			Chronology of rating history for the past 3 years					
	FY2025			FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 31, 2025	Date	Rating	Date	Rating	Date	Rating
Long term - Term loan - Fund based	Long term	257.36	[ICRA]AAA (Stable)	-	-	-	-	-	-
Long term/Short term – Fund-based /Non-fund based	Long Term/Short Term	2,361.00	[ICRA]AAA (Stable)/ [ICRA]A1+						
Long term/Short term – Unallocated	Long Term/Short Term	381.64	[ICRA]AAA (Stable)/ [ICRA]A1+						

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund-based – Term loan	Simple
Long term/Short term – Fund-based/Non-fund based	Simple
Long term/Short 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	Term loan	-	-	-	257.36	[ICRA]AAA (Stable)
NA	Fund-based /Non-fund based limits	NA	NA	NA	2,361.00	[ICRA]AAA (Stable)/ [ICRA]A1+
NA	Unallocated	NA	NA	NA	381.64	[ICRA]AAA (Stable)/ [ICRA]A1+

Source: Company

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
Apraava Energy Private Limited	100.00% (Holding Company)	Full Consolidation
Apraava Wind Energy (Khandke) Private Limited	100.00%	Full Consolidation
Apraava Wind Energy (Theni - Project II) Private Limited	100.00%	Full Consolidation
Apraava Renewable Energy Private Limited	100.00%	Full Consolidation
Gale Solarfarms Limited	100.00%	Full Consolidation
Tornado Solarfarms Limited	100.00%	Full Consolidation
Kohima-Mariani Transmission Limited	74.00%	Full Consolidation
Satpura Transco Private Limited	100.00%	Full Consolidation
Jhajjar Power Limited	100.00%	Full Consolidation
Apraava Smart Meter Private Limited	100.00%	Full Consolidation
Fatehgarh III Transmission Limited	100.00%	Full Consolidation
Fatehgarh IV Transmission Limited	100.00%	Full Consolidation
Apraava Bhopal Smart Meter Private Limited	100.00%	Full Consolidation
Apraava Paschim Smart Meter Private Limited	100.00%	Full Consolidation
Apraava Kutch-Saurashtra Smart Meter Private Limited	90.00%	Full Consolidation
Karera Power Transmission Limited	100.00%	Full Consolidation
Apraava Kolkata Smart Meter Private Limited	100.00%	Full Consolidation
Apraava Shimla Smart Meter Private Limited	100.00%	Full Consolidation
Rajasthan IV A Power Transmission Limited	100.00%	Full Consolidation

Source: Company; Annual Report

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