June 16, 2026

# HR Vaigai Private Limited: [ICRA]AA (Stable); assigned

## Summary of rating action

| Instrument* | Current rated amount (Rs. crore) | Rating action |
|---|---|---|
| **Long-term fund based – Term loan** | 58.00 | [ICRA]AA (Stable); assigned |
| **Long-term – Unallocated limits** | 2.00 | [ICRA]AA (Stable); assigned |
| **Total** | **60.00** | |

**Instrument details are provided in Annexure II*

## Rationale

The long-term rating assigned to HR Vaigai Private Limited (HRVPL) factors in the benefits derived from the strong parentage of the Hinduja Renewables Group. HRVPL is a group captive project with a majority stake owned by Hinduja Renewable Energy Private Limited (HREPL), which has an established track record in the renewable energy sector with an operating portfolio of ~1.1 GWp and an under-development project pipeline of ~1.9 GWp. The Group also plans to expand its renewable energy portfolio up to 10 GWp over the coming years.

The Group benefits from its well-diversified geographical and customer portfolio, with projects spread across multiple states such as Gujarat, Maharashtra, Tamil Nadu, Rajasthan, Uttarakhand and Karnataka, and a balanced offtake mix comprising state discoms, commercial and industrial (C&I) consumers, and Central counterparties such as NHPC Limited (NHPC; rated [ICRA]AAA (Stable)/ A1+) and NTPC Vidyut Vyapar Nigam Limited (NVVN). The long-term power purchase agreements (PPAs) at competitive tariffs, the satisfactory generation performance of the assets under HREPL and the availability of long-term project finance at competitive interest rates ensure strong debt coverage metrics for HREPL's portfolio. This, in addition to the exceptional financial flexibility derived from being a part of the Hinduja Group, supports the overall credit profile. However, HREPL's credit profile is moderated by its sizeable capital expenditure plans over the next three to four years and the associated execution and funding risks.

The rating factors in the need-based support available from the parent, as illustrated in the financial assistance extended to the SPVs in the Group over the years. The propensity to support is expected to be high, driven by the Group's strategic focus on renewable energy, its budgeted capital outlay for capacity expansion over the medium to long term and the economic incentive underpinning such support, reflected in the comfortable cumulative debt service coverage ratio (DSCR) for HRVPL over the loan tenure.

The rating also factors in the operational status of the 16.5-MWp solar power capacity under HRVPL and the presence of 25-year PPAs with Ashok Leyland Limited (ASL, rated [ICRA]AA+(Stable)/[ICRA]A1+) and Ashley Alteams India Limited (AAIL, rated [ICRA]A-(Stable)/[ICRA]A2+) at a fixed tariff of Rs. 3.60 per unit for the entire capacity under the group captive mode, thus limiting the demand and pricing risks. Moreover, the tariff rate offered by the company is at a significant discount to the state grid tariff rates, resulting in savings for the customers. Further, comfort is drawn from the strong credit profile of the counterparties and the track record of timely realisation of payments within 15 days of the billing date. The ability of the project to demonstrate a continued timely payment from the counterparty shall remain a key rating monitorable.

Also, the project has a limited track record of generation performance as it was commissioned in June 2024. Nonetheless, comfort is derived from the asset's satisfactory performance with the actual PLF of 20.47% in FY2026 closer to the P-90 estimate of 21.16%. A stable track record of generation performance closer to or higher than the P-90 level remains a key rating monitorable.

The project has been funded by a debt-to-equity ratio of 77:23, with a total debt of around Rs. 58 crore and a long repayment tenure of 20 years, supported by a structured and amortisation profile. The cumulative DSCR is estimated to remain above 1.4x over the loan tenure, indicating adequate coverage of the debt servicing obligations. The liquidity is assessed as adequate on expectation of satisfactory generation performance on a sustained basis coupled with a debt service reserve (DSR) equivalent to one quarter of debt servicing obligations which should enable stable cash flow generation for the timely servicing of debt.

The rating is, however, constrained by the location of the entire project capacity at a single site in Tamil Nadu, which exposes it to high asset concentration risk, along with the vulnerability of its cash flow to module performance and weather conditions, as the revenues are linked to the actual units generated and exported, given the fixed nature of the tariff. Further, the exposure of the company's debt coverage metrics to the movement in interest rates may weigh on the project debt.

The rating also reflects HRVPL's exposure to regulatory risks associated with the scheduling and forecasting norms as well as open access norms for captive/group captive consumers notified by Tamil Nadu Electricity Regulatory Commission (TNERC). Any significant increase in the open access charges or imposition of new charges would impact the competitiveness of the tariff offered under the existing PPAs. Herein comfort is also drawn from the competitive tariff offered by the company vis-à-vis the grid tariff, the healthy financial profile of the offtakers, the presence of termination clause in the PPAs and the parent's track record in securing PPAs with large industrial and commercial customers.

The Stable outlook assigned to the long-term rating factors in the steady cash flow visibility offered by the long-term PPAs, a satisfactory generation level and the timely collections expected from the offtakers, which are likely to keep the company's coverage adequate.

## Key rating drivers and their description

### Credit strengths

**Presence of experienced sponsor** – The presence of an experienced sponsor, the Hinduja Renewables Group, with an established track record of developing and operating solar power projects provides comfort. Further, the Group has operational renewable assets of ~ 1.1 GWp and under-construction projects of ~1.9 GWp. Majority of the PPAs are signed with offtakers having strong credit profiles. ICRA expects HREPL to extend need-based financial support to HRVPL, as and when required.

**Low offtake and tariff risks; revenue visibility from long-term PPAs** – The project is backed by 25-year PPAs with ASL and AAIL. The PPAs have a fixed annual tariff of Rs. 3.60 per unit that provides revenue visibility for the project and limits the offtake and tariff risks.

**Strong counterparty with track record of timely payments, mitigating risk of working capital blockage** – The Group companies, ASL and AAIL, are the offtakers of the project. ICRA expects the presence of strong counterparties to result in timely payments of dues, as has been consistently demonstrated with a typical collection period of less than 15 days since commissioning. Hence, the working capital requirement for the project is expected to be minimum, which would support the generation of positive free cash flows and avoid blockage of working capital.

**Satisfactory generational performance translating into strong debt coverage metrics** – The company's debt coverage metrics are expected to remain healthy on expectation of a satisfactory generation performance, lucrative tariff, elongated debt tenure and competitive interest rate, with the cumulative DSCR being more than 1.4x. The long-term PPAs at a competitive tariff and interest rate providing revenue visibility and the long tenure of the project debt also support the DSCR. Also, timely payments from counterparties and the creation of a one-quarter debt service reserve ensure adequate liquidity.

## Credit challenges

**Cash flow remains vulnerable to variability in solar irradiance and geographic concentration of project** – HRVPL is entirely dependent on power generation from the solar power project for its revenues and cash accruals, given the single-part tariff in the PPA. Therefore, it remains exposed to the variability in solar irradiance and equipment performance. The risk is amplified by the geographic concentration of the asset and the limited track record of operations.

**Interest rate and regulatory risks** – HRVPL's debt coverage metrics remain sensitive to the floating nature of the interest rate on the project debt, considering the single-part nature of the PPA tariff and a leveraged capital structure. Given the fixed revenue stream for the project, any increase in the interest rate can adversely impact the DSCR metrics. Nevertheless, ICRA notes that the projected cash flow provides adequate cushion to sustain comfortable DSCR levels even in the event of interest rate increases or lower-than-expected generation.

Further, the company's operations are exposed to regulatory risks pertaining to the scheduling and forecasting requirements of solar power projects. The regulatory framework prescribed by the state electricity regulatory commission charges penalty for variation between forecasted and actual generation beyond a certain threshold for solar power projects. These regulations would expose the company to the risk of penalties, impacting the cash flow and debt metrics as solar generation is vulnerable to weather conditions. Also, the company remains exposed to regulations related to captive power projects and the adverse variation in open access charges, which could impact the competitiveness of the tariff offered.

## Liquidity position: Adequate

The liquidity position of the company is adequate mainly on account of the timely realisations from the offtakers, along with the expectation of a satisfactory generation performance on a sustained basis. The company's free cash flow in FY2027 is expected to remain adequate to meet its debt service obligations. Additionally, ICRA highlights that HRVPL has maintained a one-quarter DSRA to cover its scheduled debt service obligations. Further, ICRA expects HREPL to extend need-based financial support to HRVPL, as and when required.

## Rating sensitivities

**Positive factors** – An improvement in the generation performance above the P-90 level on a sustained basis, leading to an improvement in the company's debt coverage indicators, or a material reduction in debt could result in an upgrade. ICRA could also upgrade the rating if the credit profile of the holding company, HREPL, improves.

**Negative factors** – ICRA could downgrade HRVPL's rating if an under-performance in generation impacts its debt coverage metrics, pulling down the cumulative DSCR below 1.3x on a sustained basis. An elongation in the realisation period from offtakers or any deterioration in the credit profile of HREPL would also be the negative rating triggers. Further, weakening of linkages between parent HREPL and HRVPL can exert pressure on the rating.

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | Corporate Credit Rating Methodology<br>Power - Solar and Wind |
| **Parent/Group support** | ICRA expects HRVPL's parent, HREPL, to be willing to extend financial support to HRVPL, should there be a need, given the strategic importance that HRVPL has for HREPL, and out of its need to protect its reputation from distress in a Group entity |
| **Consolidation/Standalone** | The rating is based on the standalone financial profile of the company |

## About the company

HR Vaigai Private Limited, incorporated in December 2021, is a wholly-owned subsidiary of Hinduja Renewables Energy Private Limited. HRVPL is engaged in the generation and sale of renewable power and houses a 16.5-MWp solar project which was commissioned in June 2024. HRVPL has entered into long-term PPAs with Ashok Leyland Limited and Ashley Alteams India Limited for the supply of power for a period of 25 years at a fixed tariff of Rs. 3.60 per unit.

### Key financial indicators (audited)

| HRVPL - Standalone | FY2025 |
|---|---|
| **Operating income** | 7.3 |
| **PAT** | 0.6 |
| **OPBDIT/OI** | 86.6% |
| **PAT/OI** | 7.7% |
| **Total outside liabilities/Tangible net worth (times)** | 2.8 |
| **Total debt/OPBDIT (times)** | 8.0 |
| **Interest coverage (times)** | 2.1 |

*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

| Instruments | Current (FY2027) | | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Type | Amount rated (Rs. crore) | June 16, 2026 | FY2026 | | FY2025 | | FY2024 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| **Fund based – Term loan** | Long term | 58.00 | [ICRA]AA (Stable) | - | - | - | - | - | - |
| **Unallocated limits** | Long term | 2.00 | [ICRA]AA (Stable) | - | - | - | - | - | |

## Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated Instruments that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

| Sr. No. | Instrument | FSR |
|---|---|---|
| 1 | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities) | SEBI |
| 2 | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities) | MCA |
| 3 | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | SEBI |
| 4 | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | SEBI |
| 5 | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | RBI |
| 6 | Listed Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 7 | Unlisted Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 8 | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($) | RBI |
| 9 | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI |
| 10 | Certificates of Deposit | RBI |
| 11 | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs | RBI |
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs | MCA |
| 13 | Inter Corporate Deposits/Loans extended by Corporates | MCA |
| 14 | Listed Security Receipts | SEBI |
| 15 | Unlisted Security Receipts | RBI |
| 16 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | Investor-side Regulator such as IRDAI, PFRDA (%) |

(*) *Includes securitisation transactions involving assignee payout, acquirer's payout.*
($) *Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.*
(%) *These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.*

Other activities offered by ICRA that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

| Sr. No. | Activity Name | FSR |
|---|---|---|
| 1 | Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs) | SEBI |
| 2 | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs | SEBI |
| 3 | Independent Credit Evaluation (ICE) | RBI |
| 4 | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs) | RBI |
| 5 | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities)) | SEBI |
| 6 | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities)) | MCA |
| 7 | Credit Rating of Borrowing programme | (@) |
| 8 | Issuer Ratings | (#) |
| 9 | Monitoring Agency | SEBI |
| 10 | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA |

(@) *The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.*
(#) *Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.*

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Long term fund based – Term loan** | Simple |
| **Long term – Unallocated limits** | NA |

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 II: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|---|---|---|---|---|---|---|
| **NA** | **Long term fund based – Term loan** | FY2026 | 7.4% | FY2046 | 58.00 | [ICRA]AA (Stable) |
| **NA** | **Long term – Unallocated limits** | NA | NA | NA | 2.00 | [ICRA]AA (Stable) |

*Source: Company*

*Please click here to view details of lender-wise facilities rated by ICRA*

### Annexure III: List of entities considered for consolidated analysis

Not Applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit www.icra.in

# ICRA Limited

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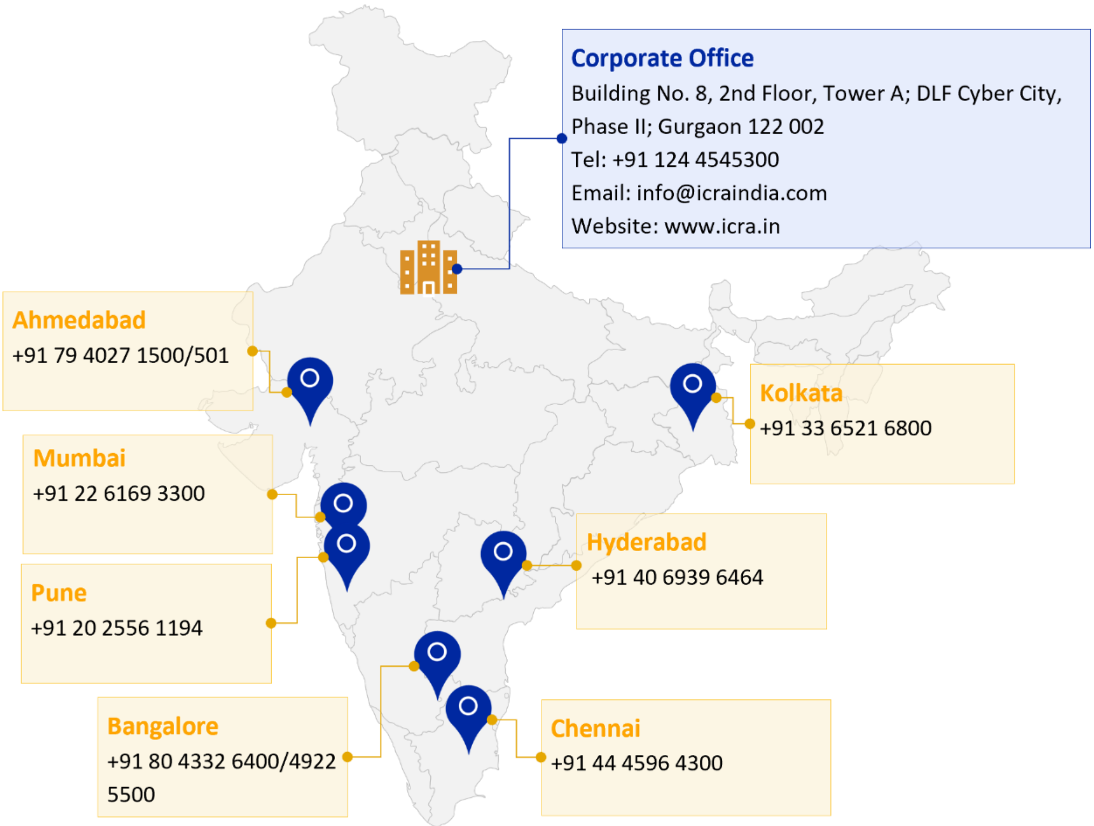




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