

Rating Rationale

June 10, 2025 | Mumbai

Hinduja Renewables Energy Private Limited

Ratings reaffirmed at 'Crisil AA-/Stable/Crisil A1+'; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.3440.82 Crore (Enhanced from Rs.1940.82 Crore)
Long Term Rating	Crisil AA-/Stable (Reaffirmed)
Short Term Rating	Crisil A1+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings.

The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AA-/Stable/Crisil A1+' ratings on the bank loan facilities of Hinduja Renewables Energy Private Limited (HREPL, formerly, Fonroche Saaras Energy Pvt Ltd; part of the Hinduja Renewables group).

During FY 25, to bring more group synergies and cost effectiveness, the group is under process of merger of some of the entities with the parent entity, HREPL. The group also refinanced debt of all merged entities from bank with better sanction terms.

The group's solar assets have been reporting an average plant load factor (PLF) between 18-23 %; mostly above P90 PLF levels. As a policy, the group enters into power purchase agreements (PPA) with strong credit profile counter parties, thereby significantly reducing the counter party risk.

Payments are received less than a fortnight from the date of invoicing. Debt service coverage ratio (DSCR) continues to remain healthy at around 1.25 times and liquidity is cushioned in the form of debt service reserve account (DSRA) of one to two quarters of financial obligations for the group's debt under different group entities.

The group is expected to enhance its generation capacity by over 2 GW in the medium term with strong counterparties following a prudent funding mix of debt and equity. The rating also takes in to account the Hinduja Renewables group's managements' stance of aligning any future capex or acquisition with its existing gearing parameters and entering into power purchase agreements only with strong counter parties.

The rating continues to reflect strong revenue visibility, low offtake risk (with entire operational capacity of ~ 900 Mw tied up), diversification benefits enjoyed by Hinduja Renewables group with assets spread geographically with multiple strong counterparties, and low tariff risk with entire capacity tied up through long-term power purchase agreements (PPAs) at fixed tariffs. These strengths are partially offset by exposure to risks inherent in operating solar energy assets and stabilization risks associated with newer projects.

Analytical Approach

For arriving at its rating, Crisil Ratings has combined the financial and business risk profiles of HREPL, Solarfield Energy Pvt Ltd (SEPL), Prathama Solar connect Energy Pvt Ltd (PSEPL), Hinduja Renewables One Pvt Ltd (HROPL), Hinduja Renewables Two Pvt Ltd (HRTPL), Hinduja Rooftop Private Limited (HRFTPL), HR Kaveri Pvt Ltd (HRKPL) and HR Sabarmati Pvt Ltd (HRSPL). This is because all these entities, collectively referred to as the Hinduja Renewables group, have significant business, financial, and managerial linkages, are in the same business, and have common management and treasury team. Crisil Ratings has applied its homogenous criteria for arriving at the ratings of each subsidiary

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- Strong revenue visibility and counterparty profile:** The entire operational capacity of 900 MW of Hinduja Renewables group is tied up through long-term PPAs at fixed pre-determined tariffs. PPA's for the group ranges from 15 years to 25 years and outstanding debt will be paid before the expiry of PPA's. Existing tariffs for the group range from Rs.2.29 to Rs.12/Unit.

The long-term PPAs provide revenue visibility and stability to cash flows. Payment track record across projects has been healthy, with payment cycle largely in line with the PPA terms in the past few years, despite the limited presence of a state discom (MSEDCL) among the counterparties. Its counterparties for ground mounted large scale customers are NTPC Vidyut Vyapar Nigam Ltd (NVVL), Gujarat Urja Vikas Nigam Ltd (GUVNL), Ashok Leyland Ltd (ALL), Godrej

and Boyce Manufacturing Co Ltd (GBMCL; 'Crisil AA/Stable/CRISIL A1+'), Gulf Oil International Limited, Intas Pharmaceuticals Limited, Biocon Ltd ('Crisil AA+/Stable/Crisil A1+'), Syngene International Ltd ('Crisil AA+/Stable/Crisil A1+') and for roof top Minda Corporation Limited (Crisil AA-/Positive/Crisil A1+), Mahindra CIE Automotive Limited, L.G. Balakrishnan & Bros Limited, Alstom Transport India Limited among others.

- **Strong financial risk profile:** Financial risk profile should remain strong despite debt-funded capex planned for the medium term. Networth is large at above Rs 971 crore as on March 31, 2024. As further large debt is expected from new projects, debt levels and gearing will be key monitorable. DSCR has been comfortable, backed by steady cash flow, long tenure of debt and sufficient liquidity. DSCR is likely to remain stable at around 1.30 times on average over the tenure of the loans. Liquidity is supported by an average DSRA of one to two quarters.

Weaknesses:

- **Exposure to risks inherent in operating solar energy assets:** The performance of solar power plants depends on irradiation levels around plant location and annual degradation in solar panels. Given that cash flow is highly sensitive to PLFs in solar power assets, these risks could severely impair debt servicing and free cash flow. Crisil Ratings will continue to monitor PLF as a key rating sensitivity factor.
- **Exposure to project stabilization risks:** Group is exposed to stabilization risk for ongoing GUVNL project in the HR Sabarmati Pvt Ltd. However, the group's track record of calibrated expansion strategy with a prudent funding mix of debt and equity, and group support aid the business risk profile. The group is also currently in the process of expanding its solar capacity to be over 2GW. While the proposed expansion projects benefit from management's experience, the large debt funded project for which debt will be availed is exposed to project execution risk. The group is expected to have an operational capacity of more than 2 GW by the end of FY 27. As the group is planning to expand its portfolio by addition of assets, the counterparty along with funding and impact of same on DSCR will remain monitorable. Completion of the project within the specified time and cost framework will remain key rating sensitivity factors.

Crisil Ratings will continue to monitor future projects that may be exposed to risks such as delays in land acquisition, financial closure, clearances, offtake and counterparty.

Liquidity: Strong

Liquidity has been strong, with an average DSCR of 1.30 times over the tenure of loan for existing projects. The majority of the projects have DSRA covering for one to two quarters of financial obligations. Cash accrual and cash and cash equivalents should be sufficient to meet debt obligation with large cushion and support capex and working capital requirement over medium term. The group also has cash & cash equivalent and other liquid investments of around ~Rs.950 Crores as on 31st March 2025.

Outlook: Stable

Crisil Ratings believes HREPL will continue to benefit from healthy DSCRs in other assets of Hinduja Renewable group

Rating sensitivity factors

Upward factors:

- Significant improvement in generation with overall PLFs remaining at P90 levels on a sustained basis along with gradual ramp up of new assets leading to better operating efficiencies.
- Significant reduction in leverage leads to improvement in the financial risk profile.

Downward factors:

- Reduction in the operating performance with overall PLFs drastically reducing from current levels impacting the cash accruals on a sustained basis.
- Any delay in receipt of payments from the counterparties resulting in receivable position above 5 months impacting the liquidity position.
- Higher than expected debt leading to substantially lower DSCR -below 1.20 times at P90 PLF

About the Group

HREPL operates a solar power project plant with their subsidiaries. HREPL and its subsidiaries collectively operate a ~900 Mw solar power plant in Rajasthan, Karnataka, Tamil Nadu, Maharashtra, Uttarakhand Uttar Pradesh, Telangana and Andhra Pradesh. The companies have PPAs with NVVL, GUVNL, ALL, GBMCL, Gulf Oil International Limited, Minda Corporation Limited, Mahindra CIE Automotive Limited, L.G. Balakrishnan & Bros Limited, Alstom Transport India Limited, Intas Pharmaceuticals Limited, Biocon Ltd, and Syngene International Ltd. Operations are managed by Mr. Shom Ashok Hinduja and Mr. Sumit Pandey.

Key Financial Indicators (Consolidated)

As on / for the period ended March 31	Unit	2024	2023
Operating income	Rs crore	253.81	261.21
Reported profit after tax	Rs crore	42.99	57.67
PAT margins	%	16.94	22.08
Adjusted Debt/Adjusted Net worth	Times	2.81	1.65
Interest coverage	Times	2.03	2.40

Any other information: Not applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Non-Fund Based Limit	NA	NA	NA	2700.00	NA	Crisil A1+
NA	Proposed Non Fund based limits	NA	NA	NA	8.82	NA	Crisil A1+
NA	Long Term Bank Facility	NA	NA	NA	250.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Mar-35	482.00	NA	Crisil AA-/Stable

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Hinduja Renewables Energy Private Limited	Full	Common management, business synergies, and promoters
Hinduja Renewables Two Private Limited	Full	Common management, business synergies, and promoters
Hinduja Renewables One Private Limited	Full	Common management, business synergies, and promoters
Hr Kaveri Private Limited	Full	Common management, business synergies, and promoters
Prathama Solarconnect Energy Private Limited	Full	Common management, business synergies, and promoters
Solarfield Energy Private Limited	Full	Common management, business synergies, and promoters
Hinduja Rooftop Private Limited	Full	Common management, business synergies, and promoters
HR Sabarmati Private Limited	Full	Common management, business synergies, and promoters

Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	732.0	Crisil AA-/Stable	--	--	30-12-24	Crisil AA-/Stable	01-12-23	Crisil AA-/Stable	04-08-22	Crisil AA-/Stable	Crisil AA-/Stable
			--	--	--	10-09-24	Crisil AA-/Stable	30-10-23	Crisil AA-/Stable	31-03-22	Crisil AA-/Stable	--
			--	--	--	20-03-24	Crisil AA-/Stable	25-09-23	Crisil AA-/Stable	--	--	--
			--	--	--	--	--	16-05-23	Crisil AA-/Stable	--	--	--
			--	--	--	--	--	08-05-23	Crisil AA-/Stable	--	--	--
Non-Fund Based Facilities	ST	2708.82	Crisil A1+	--	--	30-12-24	Crisil A1+	01-12-23	Crisil A1+	04-08-22	Crisil A1+	Crisil AA-/Stable / Crisil A1+
			--	--	--	10-09-24	Crisil A1+	30-10-23	Crisil A1+	31-03-22	Crisil A1+	--
			--	--	--	20-03-24	Crisil A1+	25-09-23	Crisil A1+	--	--	--
			--	--	--	--	--	16-05-23	Crisil A1+	--	--	--
			--	--	--	--	--	08-05-23	Crisil A1+	--	--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Long Term Bank Facility	250	Aditya Birla Finance Limited	Crisil AA-/Stable
Long Term Loan	482	State Bank of India	Crisil AA-/Stable
Non-Fund Based Limit	300	YES Bank Limited	Crisil A1+
Non-Fund Based Limit	350	RBL Bank Limited	Crisil A1+
Non-Fund Based Limit	150	ICICI Bank Limited	Crisil A1+
Non-Fund Based Limit	250	IDFC FIRST Bank Limited	Crisil A1+
Non-Fund Based Limit	150	IDBI Bank Limited	Crisil A1+
Non-Fund Based Limit	1400	State Bank of India	Crisil A1+
Non-Fund Based Limit	100	HDFC Bank Limited	Crisil A1+
Proposed Non Fund based limits	8.82	Not Applicable	Crisil A1+

Criteria Details

Links to related criteria

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

[Criteria for consolidation](#)

[Criteria for Infrastructure sectors \(including approach for financial ratios\)](#)

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