Press Release

Him Urja Private Limited

April 03, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	82.76 (Reduced from Rs. 97.99 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB/Negative (IVR Triple B with Negative Outlook)	Rating Downgraded and Outlook revised	Simple
Total	**82.76 (Rupees Eighty-two crore and seventy-six lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has downgraded long-term rating assigned to the bank facilities of Him Urja Private Limited (HUPL) and revised the outlook from Negative to Stable. The downgrade is on account of large, planned capacity additions: 24MW in Melkhet Power Pvt. Ltd. (MPPL) currently under construction, receipt of Letter of Award (LOA) for two projects namely, 24MW Ralam Simpu Small Hydro Power project (RS SHP) and 24 MW Saina Chatti Simpu Small Hydro Power project (SCS SHP). The ongoing capacity addition in MPPL already entails significant financial support to be extended by HUPL, so also the aspect of project implementation risk of MPPL. Additional investments in these new projects may lead to additional debt and deterioration in the credit profile of the company which may have a pulling down effect on the liquidity and credit profile of HUPL. The planned projects to be implemented aggregate to 72MW vis a vis present operational capacity of 19.4MW. Thus, the rating continues to be constrained by investments in ongoing projects moderating the capital structure and susceptibility of revenues to the inherent risks involved in hydro power generation. However, the ratings continue to factor in the experience of promoters and management, long term Power Purchase Agreements (PPAs) for operational capacity ensuring revenue visibility and healthy operating margins.

The Stable outlook reflects expected satisfactory generation levels and revenue backed by PPA and expected timely receipt of payments from the off taker.

Key Rating Sensitivities:

Upward Factors

- Higher power generation leading to an increase in revenues & profitability on a sustained basis improving liquidity and debt protection metrics of the company.
- Timely completion of the ongoing project within estimated costs and timelines without any further debt being taken to fund equity commitments.

Downward Factors

- Sustained lower generation impacting cash flows and liquidity of the company.
- Sustained increase in receivables or deterioration in the credit profile of off-taker leading to cash flow mismatches.
- Time and/or cost overrun in implementation of ongoing MPPL project leading to additional cash outflows or debt thus impacting cash flows and liquidity of the company.
- Additional debt for meeting equity commitments in new projects and/or increase in guaranteed debt for funding new projects leading to deterioration in capital structure and debt protection metrics of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and management

Mr. Arun Gupta, founder and managing director of HUPL is a civil engineer and a postgraduate in finance management. He served the Government of India for 22 years in the Indian Revenue Services before starting this company. He is experienced in the financial and technical aspects involved in implementation of projects. He is well supported by a qualified and professional management team.

Long term PPAs ensures revenue visibility

HUPL has offtake arrangements with Uttarakhand Power Corporation Ltd. (UPCL) for both Rajwakti Hydro Power Project and Vanala Hydro Power Project for a period of 30 and 35 years respectively. HUPL usually receives payments within 20-25 days from UPCL and offers a 1% rebate as per the terms and conditions of the PPA if received within 30 days. Further Uttarakhand Electricity Regulatory Commission compensated the company for loss of revenue due to natural calamities with increase in tariffs. Accordingly, the tariff was increased from Rs

4.74/kwh to Rs 4.99/kwh in FY20 and further to Rs 5.08/kwh in FY21 for Vanala Hydro Power project. HUPL has received arrears due to increased tariff in FY22. The long term PPAs reflect revenue visibility for the company over near to medium term.

Healthy operating margins

HUPL's revenue from sale of energy increased to Rs.42.77 crore, including Rs. 4.15 crore sale of REC in FY24 (refers to the period April 1 to March 31) as against Rs.35.27 crore in FY23 due to increase in generation from Vanala SHP. Accordingly, absolute EBITDA also improved to Rs. 27.75 crore in FY24 from Rs. 22.22 crore in FY23. EBITDA margin improved to 64.87% in FY24 as against 63.00% in FY23. The company has achieved revenue of Rs. 29.77 crore and EBITDA margin stood at 73.44% for 9MFY25 (Unaudited). Infomerics believes that the operating margins will remain healthy backed by fixed tariffs and no major repair and maintenance planned in the medium term.

Key Rating Weaknesses

Investments in ongoing projects moderating capital structure

HUPL's tangible networth stood at Rs.80.92 crore as on March 31, 2024, and Rs.71.31 crore as on March 31, 2023. Total debt as on March 31, 2024, increased to Rs.86.90 crore from Rs.79.28 crore as on March 31, 2023. Further the company's investments in its group companies, MPPL and solar projects increased to Rs.46.86 crore as on March 31, 2024, from Rs. 31.79 crore as on March 31, 2023. It has also given Rs.15.75 crore as loans and advances to the group companies executing solar projects. Thus, the overall gearing ratio on adjusted tangible net worth and TOL/ATNW deteriorated to 4.75x and 4.95x respectively as on March 31, 2024, as against 2.88x and 3.00x respectively as on March 31, 2023. Further, HUPL has given corporate guarantees of Rs.14.37 crore for the debt in of group companies namely DS Solar Energy Pvt. Ltd., Duvyasky Energy Pvt. Ltd. and Fair Deal Solar Energy Pvt. Ltd. executing the solar projects, and corporate guarantee of Rs.229.60 crore for MPPL's debt which will further deteriorate the capital structure in the medium term.

Total debt/EBITDA stood moderate at 3.13x in FY24 and 3.57x in FY23. The interest coverage ratio remained healthy at 3.18x in FY24 and 2.97x in FY23. Any additional significant cash outflow towards the development of any new projects or any further debt taken by the management for meeting its equity commitments/ or due to time and cost overruns in the implementation of the ongoing project would be key rating monitorable.

Large debt funded capacity additions along with implementation risk

HUPL is developing Melkhet SHP in Uttarakhand, a 24MW run of the river project on Pinder River through MPPL, a wholly owned subsidiary of HUPL. The cost of the project is Rs. 328.00 crore which is being funded by term loan of Rs. 229.60 crore (70%) and remaining Rs.98.40 crore (30%) by promoter contribution. The project has obtained all the clearances, and the construction began in September 2024. HUPL has availed Rs.50.00 crore of securitisation loan, for funding promoter contribution in MPPL. Out of the loan of Rs. 50.00 crore, Rs. 10.00 crore is yet to be disbursed. The balance will be through internal accruals of HUPL. HUPL has already invested Rs.47.23 crore till December 2024 in MPPL. The physical progress as confirmed by the management is approximately 18% as on March 28, 2025. The expected date of commissioning is December 2027.

Further, the company has incurred capex of around Rs.7.20 crore till FY24 on the 13MW Dewali SHP. The project was to be executed under a separate special purpose vehicle post the completion of Melkhet SHP however, the management of HUPL has articulated that it is doubtful about execution of Dewali SHP as on date.

Additionally, HUPL has received LOA for two more new projects in Uttarakhand, 24MW Ralam Simpu Small Hydro Power project and 24 MW Saina Chatti Simpu Small Hydro Power project. HUPL has deposited the requisite upfront premium and other charges aggregating to Rs.8.62 crore with the Government of Uttarakhand (GoU) in March 2024 and is in the process of executing the Implementation Agreement with the GoU. Thereafter the company will apply for necessary consent and approvals from the other government departments and local civic bodies and start the process of survey and preparation of draft project report. As stated by the management, it will take 3-4 years to complete these activities and begin construction and the company is yet to arrive at the expected cost of projects since it is still in nascent stage.

Revenues susceptible to inherent risks involved in hydro power generation

Vanala SHP's turbine faced technical issues in the past, due to which the project was not running at its full capacity during the peak season since FY18. The turbine issue was ongoing, however, in FY23, the management replaced the turbine of Vanala SHP and upgraded the plant and machinery of Vanala SHP and Rajwakti SHP. The PLF was at similar level for Rajawakti SHP at 59.21% in FY24 and 59.13% in FY23 but improved for Vanala SHP to 47.21% in FY24 from 36.08% in FY23. The company has achieved net generation of 66.53

MU for 9MFY25 vis a vis 71.87 MU for 9MFY24. Accordingly, HUPL has registered revenue of Rs. 29.77 crore for 9MFY25 (unaudited) vis a vis Rs.32.66 crore excluding REC income of Rs.4.14 crore for 9MFY24 (unaudited).

Further, being in hydro power generation, the company is exposed to generation losses due to the natural calamities and water availability, which can impact the revenues of the company. Thus, HUPL's revenues will continue to be susceptible and remain exposed to hydrological risk, which can impact the company's revenues and will be a rating sensitivity factor.

Analytical Approach: Standalone.

Applicable Criteria:

Rating Methodology for Infrastructure Companies.

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The company is expected to generate adequate gross cash accruals in the projected period FY25-28, against debt repayment obligation of Rs.11.01 in FY25, Rs.13.66 crore in FY26, Rs.11.04 crore in FY27 and Rs.10.41 crore in FY28. It has cash and cash equivalents of Rs. 9.20 crore as on December 31, 2024. The company has also created DSRA equivalent to two quarters of debt servicing, Rs 8.21 crore as on March 27, 2025. The company is also collecting its receivables from UPCL within 30 days thus supporting cash flows.

Further, factoring in some equity contribution for MPPL through internal accruals may stretch the liquidity position of HUPL. The management has articulated funding any cash flow mismatches. The current ratio stood at 2.32x as on March 31, 2024.

About the Company

Him Urja Private Limited was incorporated in 1995 with registered office in New Delhi. The company has commissioned two run-of-the-river small hydropower projects in the Chamoli district of Uttarakhand, at Rajwakti (4.4 MW) and Vanala (15 MW) on the river Nandakini, a tributary of the river Alaknanda. HUPL sells electricity generated from its projects through long term PPAs with the Uttarakhand Power Corporation Limited.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	35.27	42.77
EBITDA	22.22	27.75
PAT	7.17	10.66
Total Debt	79.28	86.90
Tangible Net Worth	71.31	80.92
EBITDA Margin (%)	63.00	64.87
PAT Margin (%)	19.73	24.35
Overall Gearing Ratio (x)	1.11	1.07
Interest Coverage (x)	2.97	3.18

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: The rating continues to remain under ISSUER NOT COOPERATING category from Acuite Ratings as per press release dated March 05, 2025, due to unavailability of information for monitoring of rating.

Any other information: None.

Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	March 05, 2024	January 13, 2023
1.	Term Loan	Long Term	33.71	IVR BBB-/Stable	-	IVR BBB/ Negative	IVR BBB/ Stable
2.	GECL	Long Term	1.90	IVR BBB-/Stable	-	IVR BBB/ Negative	IVR BBB/ Stable
3.	Term Loan	Long Term	47.15	IVR BBB-/Stable	-	IVR BBB/ Negative	IVR BBB/ Stable

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (Infomerics Valuation and Rating Pvt Ltd) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	March 31, 2030	33.71	IVR BBB- /Stable
GECL	-	-	-	March 31, 2026	1.90	IVR BBB- /Stable
Term Loan	-	-	-	March 31, 2037	47.15	IVR BBB- /Stable

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/len-himurja-apr25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable.

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.