

JULY 17, 2015

CARE ASSIGNS 'CARE BBB-' RATING TO THE BANK FACILITIES OF BIDAR SOLAR POWER PRIVATE LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	76	CARE BBB- (Triple BBB Minus)	Assigned
Total Facilities	76		

Rating Rationale

The rating assigned to the bank facilities of Bidar Solar Power Private Limited (BSPPL) derives strength from the vast experience of the promoters in diversified business, presence of long-term off-take arrangement in the form of Power Purchase Agreement (PPA) with Gulbarga Electricity Supply Company Limited (GESCOM) for 25 years, PV (Photovoltaic) Modules and inverters from established suppliers, presence of revolving Letter of Credit from GESCOM covering one month of billing and satisfactory operating performance of the plant since commencement of operations. The rating is, however, constrained by limited track record of operations, dependence on favorable climate conditions, limited track record of imported modules in Indian conditions and interest rate risk. The ability of the company to generate revenue as envisaged along with timely receipt of payments from the off-taker are the key rating sensitivities.

Background

BSPPL is a special purpose vehicle (SPV) sponsored by GKC Projects Limited (GKCPL) for setting up Solar PV (Photovoltaics) power plant in the Bidar district of Karnataka on Design, Build, Finance, operate and Transfer (DBFOT) basis. The installed capacity of the plant is 10 MW. On August 28, 2014, the company successfully commissioned 10-MW plant at a total cost of Rs.108.95 crore. The company has entered into a PPA to supply power from the entire capacity of 10-MW plant with GESCOM for a period of 25 years on fixed tariff basis for Rs. 8.46/kWh.

For FY15 (refers to the period April 01 to March 31), BSPPL registered a total income of Rs.8.07 crore with loss of Rs.1.25 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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