

AUGUST 16, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF GMR GUJARAT SOLAR POWER LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term- Bank Facilities (Term Facilities)	161.85 (reduced from 180.10)	CARE BBB- (Triple B Minus)	Reaffirmed
Long term- Bank Facilities (Term Loan-Subordinated debt)	33.25 (reduced from 35.00)	CARE BBB- (Triple B Minus)	Reaffirmed
Short term- Bank Facilities (LC/BG/CC)	-	-	Withdrawn
Total Facilities	195.10 (Rupees One Hundred Ninety Five crore and Ten lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of GMR Gujarat Solar Power Limited (GG SPL) continue to factor in the satisfactory performance of the solar power plant with adequate power generation and long-term power off-take arrangement in the form of a Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Limited [GUVNL (rated 'CARE A+/CARE A1+'). The ratings also factor in the group's established track record in the energy business, experienced management team, timely receipt of payments from GUVNL and favorable policy framework and demand outlook for the renewable energy sector. The ratings are, however, constrained by the susceptibility of power generation to variation in climatic condition and solar irradiation at the project site. The ratings also factor in the sizeable exposure of GG SPL towards the group companies.

Going forward, optimal power generation with timely receipts from the off-taker and any further increase in group exposure would be the key rating sensitivities.

CARE has withdrawn the ratings assigned to the short-term bank facilities of GMR Gujarat Solar Power Limited (S.no III) with immediate effect as per the company's request since the company has not raised any funds under the aforementioned short-term bank facilities.

Background

GG SPL was incorporated on March 26, 2008, as a private limited company in March 2008 as GMR Gujarat Solar Power Private Limited. The company was converted into a public limited company w.e.f. June 09, 2016, and was named GMR Gujarat Solar Power Limited. GG SPL is promoted by GMR Energy Limited belonging to the GMR Group. GG SPL has set-up a 25-MW grid interactive solar power project based on crystalline photo voltaic (PV) technology at Gujarat Solar Park, located at Village Charanaka, District Patan, Gujarat. The plant was successfully commissioned and achieved Commercial Operation on March 04, 2012. GG SPL is ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management) certified.

GG SPL has signed PPA for the entire power production for 25 years with GUVNL, in December 2010 under the Gujarat Solar Policy 2009. The project was completed at a total capital expenditure of Rs.366 crore (Rs.14.6/MW) funded with

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

term-loan of Rs.226.4 crore, equity contribution of Rs.73.6 crore, unsecured loan from promoters (ICD) Rs.18.4 crore and balance through suppliers credit (Rs.48 crore).

During FY16 (refers to the period April 1 to March 31), the company reported PBILDT of Rs.49.19 crore and loss at net levels of Rs.(7.16) crore on a total operating income of Rs.67.70 crore, against PBILDT and PAT of Rs.45.46 crore and Rs.6.79 crore on a total operation income of Rs.64.06 crore in FY15.

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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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