

## Oasis Green Energy Private Limited

## Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	18	CARE B+ (Single B Plus )	Assigned
<b>Total Facilities</b>	<b>18 (Rupees Eighteen crore only)</b>		

## Rating Rationale

The rating assigned to the bank facilities of Oasis Green Energy Pvt. Ltd. (OGEPL) is primarily constrained by the pending financial closure for the project and pending clearances from the concerned departments. The rating is further constrained by the pending execution of the Engineering procurement and construction (EPC) contract. The rating, however, favorably takes into account the experienced promoters, assured offtake of the solar power as per the Power Purchase Agreement (PPA) and favorable solar industry scenario.

Going forward, the ability of the company to implement the project within the estimated time & cost estimates and achievability of the projected profitability levels will remain the key rating sensitivities.

## Background

Oasis Green Energy Private Limited (OGEPL), incorporated in March 2015, is setting up a 3.15 MW solar Photovoltaic (PV) Power Plant in Village Bahadarpur, District Mansa, Punjab. The company is promoted by Mr Mukesh Goyal and Mr Pawan Goyal who are also the promoters of Oasis Contractors and Consultants Pvt. Ltd. (OCCPL; engaged in the business of civil construction). The total project cost is estimated at Rs.24.56 crore which is proposed to be funded through a term loan of Rs.18 crore and the remaining through promoters contribution in the form of equity capital of Rs.4.6 crore and unsecured loans of Rs.1.96 crore from the promoter group company (OCCPL). As on March 31, 2015, OCCPL has infused the equity share capital of Rs.4.6 crore and unsecured loans of Rs.0.21 crore. The project is expected to start commercial operations in April 2016.

## Credit Risk Assessment

**Pending financial closure and clearances with EPC contract yet to be executed**

OGEPL has projected the commercial operation of the plant from April 2016. The company has applied for a term loan of Rs.7 crore and Rs.11 crore of buyers credit (convertible to term loan) from the bank for the purchase of modules, and subsequently, term loan of Rs.11 crore will be disbursed after 3 years. However, as on August 21, 2015, the financial closure of the same is still pending and the proposal is with the bank.

Though the company has entered into power purchase agreement (PPA) with Punjab State Power Corporation Limited (PSPCL) on March 31, 2015, however, certain clearances from concerned departments viz. Punjab Revenue Department, Punjab Pollution Control Board, PSPCL and Civil Aviation. Furthermore, the EPC contract and operation and maintenance (O&M) contract of the project is yet to be finalized.

**Experienced promoters**

OGEPL is led by Mr Mukesh Goyal and Mr Pawan Goyal who have more than three and two decades of industry experience, respectively. The promoters of the company are also the promoters of OCCPL which was incorporated in 1996 and is in the business of civil construction. However, this is the first time that the management is setting up a solar power project. Assured offtake of solar power

OGEPL has entered into an agreement with Punjab State Power Corporation Limited (PSPCL) on March 31, 2015 to setup a solar power plant of 3.15 MW capacity in Distt. Mansa, Punjab under the 'New and Renewable Sources of Energy Policy 2012' issued by the Government of Punjab. The plant is proposed to be operational from April 2016. OGEPL has entered into Power Purchase Agreement (PPA) with PSPCL for a tariff of Rs.7.72/unit which ensures assured offtake for a period of 25 years from the scheduled date of commercial operation.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Favorable industry scenario**

Sources of energy such as coalmines, natural gas, tidal power and oil are limited in Punjab. The scope of wind energy and tidal energy is also limited. Although solar energy has a wide scope, it is yet to be exploited. Presently there has been a problem in hydroelectric power generation due to fall in water levels in the rivers of Punjab thus dependence on thermal power has increased. There is a growing unmet demand of energy which offers an opportunity for investment in renewable power generation. Moreover, the Government of India has also taken aggressive steps for power generation through solar power plants. Recently, the targets of solar power generation under Jawaharlal Nehru National Solar Mission have been revised to 1 lakh MW by 2022

**Financial Performance- The company is in project phase.****Details of Rated Facilities****1. Long-term facilities****1. A. Rupee Term Loan**

(Rs. Cr)

Sr. No.	Lender	Rated Amount (Rs. Crore)	Remarks	Debt Repayment Terms
1.	Proposed	7	Sanctioned	Repayable in quarterly installments of Rs.0.43 crore from Q1FY17
	<b>Total Rupee Term Loan</b>	<b>7</b>		

**1.B. Non-fund-based limits**

(Rs. Cr)

Sr. No.	Name of Bank	Non-fund-based Limits		Tenure as per sanction letter^
		LC*	Others	
1.	Proposed	11	-	Repayable in quarterly installments of Rs.0.39 crore from Q1FY19
	<b>TOTAL</b>	<b>11</b>	-	

\*LC=Letter of credit

^ repayment schedule after proposed conversion of LC limit to term loan

**Total long-term facilities (1.A.+1.B.): Rs 18 crore****Total Bank Facilities: Rs.18 crore****Analyst Contact**

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(This follows our brief rationale for entity published on 11 January, 2016)

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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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