

November 12, 2014
CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF PORBANDAR SOLAR POWER LIMITED (ERSTWHILE MOSER BAER ENERGY & DEVELOPMENT LIMITED)
Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	137.06 (reduced from 143.07)	CARE BBB [Triple B]	Revised from CARE BBB- [Triple B Minus]
Total Facilities	137.06		

Rating Rationale

The revision in the rating of the bank facilities of Porbandar Solar Power Limited (PSPL) takes into account the operational track record of the project of more than two years with stable generation levels and built up of Debt Service Reserve Account covering debt obligations of four providing liquidity cushion. The rating continues to derive comfort from the experienced promoters with a track record of setting up and operating solar power projects, long-term off-take arrangement through a Power Purchase Agreement (PPA) at a fixed tariff with Gujarat Urja Vikas Nigam Ltd (GUVNL, rated CARE A/CARE A1) which is having a relatively comfortable credit profile and demonstrated track record of timely payments to the solar project developers and favourable policy framework and demand outlook for the renewable energy sector.

The rating is, however, constrained by the operational performance of the project being dependent on climatic conditions, client concentration risk as GUVNL is the sole off-taker, technological risks with the absence of adequate industry performance record in Indian conditions, high total outside liabilities to net-worth ratio and moderate debt servicing indicators.

Going forward, power generation at envisaged Capacity Utilization Factor (CUF) and timely receipt of payment against the sale of power from the off-taker shall remain the key rating sensitivities.

Background

Porbandar Solar Power Limited (PSPL), a Hindustan group company, has set-up a 15 MW grid connected solar photovoltaic (PV) power plant at Porbandar in Gujarat. The plant was successfully commissioned and achieved Commercial Operation Date (COD) in April 2012. PSPL is a Special Purpose Vehicle (SPV) of Hindustan Clean Energy Ltd (HCEL- erstwhile Moser Baer Clean Energy Ltd) which is a wholly-owned subsidiary of Hindustan Power Projects Pvt Ltd (HPPPL- erstwhile Moser Baer Projects Pvt Ltd).

PSPL has signed a Power Purchase Agreement (PPA) with GUVNL (Gujarat Urja Vikas Nigam Ltd; rated CARE A/A1) for a period of 25 years for entire capacity. GUVNL has agreed to purchase power at Rs.15/unit for first 12 years, Rs.5/unit for the next 13 years.

For FY14 (refers to the period April 1 to March 31), the company reported total operating income of Rs.37.50 crore with net loss of Rs.11.49 crore as against total operating income of Rs.36.93 crore with net loss of Rs.13.74 crore in FY13.

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

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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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