

SEPTEMBER 28, 2016

CARE ASSIGNES 'CARE AA+' TO THE PROPOSED BOND ISSUE OF THDC INDIA LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Proposed Long term bond	600	CARE AA+ (Double A Plus)	Assigned
Total Facilities	600 (Rupees Six Hundred and Crore only)		

Rating Rationale

The rating of THDC India Ltd (THDC) draws strength from its majority ownership by Government of India (GoI), strong operating efficiency of its power stations and healthy financial risk profile characterized by comfortable capital structure, debt coverage indicators and profitability profile. The rating also continues to derive comfort from the presence of long-term Power Purchase Agreements (PPA) with distribution utilities based on Central Electricity Regulatory Commission tariff guidelines assuring fixed RoE leading to steady operating cash flows.

However, the rating continues to remain constrained by the relatively weak credit profile of its beneficiaries and large on-going capex plans exposing the company to project implementation risk.

Going forward, the ability of the company to execute the capex plans within the time and cost estimates and timely collection from its off-takers shall be the key rating sensitivities.

Background

THDC (CIN U45203UR1988GOI009822), formerly known as Tehri Hydro Development Corporation Ltd., is a joint venture (JV) of GoI and Government of Uttar Pradesh (GoUP). Initially, the shareholding was held by GoI and GoUP in the ratio 3:1 which was subsequently changed to 74:26. The company was incorporated in July 1988 to develop, operate & maintain the 2,400-MW Tehri Hydro Power Complex and other hydro projects. The 2,400-MW Tehri Hydro Power Complex comprises Tehri Dam & Hydro Power Plant (HPP, 1000 MW) Stage-I, Koteswar Hydro Electric Plant (HEP, 400 MW) & Tehri Pump Storage Plant (PSP, 1,000 MW; under implementation). THDC has a total commissioned power generation capacity of 1,450-MW (Tehri Dam & HPP: 1,000 MW and Koteswar HEP: 400-MW and 50-MW wind power plant at Patan).

THDC has been conferred with 'Mini Ratna –Category-I' status and Schedule 'A' PSU by the Govt. of India. THDC has obtained ISO 9001:2008 and ISO 14001:2004 certifications for its power plants. Also the company has commissioned a wind power plant in Patan of 50 MW in June 2016 and the PPA for the same has been signed with Gujarat Urja Vidyut Nigam Limited (GUVNL).

The table below presents a snapshot of major projects:

S.No.	Name of project	Installed capacity (MW)	District	State
Projects under Operation				
1	Tehri Dam & Hydro Power Project	1000	Tehri Garhwal	Uttarakhand

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

S.No.	Name of project	Installed capacity (MW)	District	State
2	Koteshwar Hydro Electric Project	400	Tehri Garhwal	Uttarakhand
3	Wind Power Plant	50	Patan	Gujarat
Projects Under Construction				
4	Tehri PSP	1000	Tehri Garhwal	Uttarakhand
5	Vishnugad Pipalkoti HEP	444	Chamoli	Uttarakhand
6	Dhukwan Small Hydro Project	24	Jhansi	Uttar Pradesh

For FY16 (refers to the period April 01 to March 31), THDC reported PBILD and PAT of Rs.2,064 crore and Rs.810 crore, respectively, on a total operating income of Rs.2,473 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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CIN - L67190MH1993PLC071691