

FEBRUARY 29, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF WELSPUN SOLAR PUNJAB PRIVATE LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	216.80 (enhanced from 201.88)	CARE BBB+ (SO)* [Triple B Plus (Structured Obligation)]	Reaffirmed
Total Facilities	216.80 (Rupees Two Hundred Sixteen crore Eighty lakh only)		

*based on credit enhancement in the form of unconditional and irrevocable corporate guarantees provided by Welspun Energy Private Limited (WEPL, rated CARE A+), which are valid up to:

- For debt of Rs.195.04 crore (for 32 MW project), the later of; a period of one year from Commercial Operation Date (COD), the date on which equitable mortgage on immovable property is created and perfected to the satisfaction of the lenders and the date on which Debt Service Reserve (DSR) is created to the satisfaction of the lenders.
- For debt of Rs.21.76 crore (for 4 MW project), the later of; Commercial Operation Date (COD) and the date on which equitable mortgage on immovable property is created and perfected to the satisfaction of the lenders.

Rating Rationale

The rating continues to factor in the strong and experienced promoters viz. Welspun group, with established track record in setting up and operating solar power projects, operational status of the entire capacity within scheduled timelines, satisfactory operating performance, long-term off-take arrangement in the form of Power Purchase Agreements (PPAs) signed with Punjab State Power Corporation Limited (PSPCL, rated CARE BB+/CARE A4+), elongated repayment tenor leading to moderately comfortable debt coverage indicators with Debt Service Reserve (DSR) equivalent to one quarter's repayment obligations in place for the 32 MW project.

The rating is, however, constrained by dependence on climate conditions for power generation, technological risks, counter-party credit risk given the relatively weak financial risk profile of PSPCL and exposure to foreign exchange and interest rate fluctuation risk.

The ability of the company to operate the power plant efficiently, achieve expected generation levels along with timely receipt of payments from the off-taker and any change in the financial risk profile of the guarantor viz. WEPL, shall be the key rating sensitivities.

Background

Welspun Solar Punjab Private Limited (WSPPL) is a 100% subsidiary of Welspun Renewables Energy Private Limited (WREPL, rated 'CARE A+ (SO)', CARE BBB) and a step-down subsidiary of WEPL. WSPPL had developed a 32 MW solar power (PV) project in the state of Punjab and has recently commissioned another 4 MW project adjacent to the existing site. Both projects were awarded by Punjab Energy Development Agency (PEDA) through competitive bidding under the Punjab State Solar Policy (NRSE Policy 2012). The company had signed three Power Purchase Agreements (PPAs) with Punjab State Power Corporation Limited (PSPCL, rated CARE BB+/CARE A4+) to supply power at Rs.8.33/kWh for 20 MW,

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

Rs.8.42/kWh for 10 MW and Rs.8.56/kWh for 2 MW, for a period of 25 years. Subsequently, the company signed another PPA with PSPCL to supply power at Rs.7.71/kWh for the 4 MW project, for a period of 25 years.

The 32 MW project was commissioned before the scheduled Commercial Operations Date (COD) of March 15, 2015 in three phases (2 MW on February 12, 2015, 10 MW on February 17, 2015 (8 MW) and March 13, 2015 (2 MW) and 20 MW on March 7, 2015). The 4 MW project has also been commissioned before the scheduled COD of January 30, 2016, and final COD certificate is awaited.

For FY15 (refers to the period April 1 to March 31), WSPPL reported a total operating income of Rs.4.90 crore and net profit of Rs.0.61 crore. During 9MFY16 (refers to the period April 1 to December 31), the company reported total operating income of Rs.31.37 crore and net profit of Rs.3.21 crore.

Analyst Contact

Name: Mr Jatin Babbar

Tel: 011-45333246

Cell: +91-9999568722

Email: jatin.babbar@careratings.com

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691