

## Shree Maheshwar Hydel Power Corporation Limited

June 14, 2022

### Ratings

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	451.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>451.00</b> <b>(₹ Four Hundred Fifty-One Crore Only)</b>		
Non Convertible Debentures	99.20	CARE BB+ (CE)^; Stable; ISSUER NOT COOPERATING* [Double B Plus (Credit Enhancement); Outlook: Stable ISSUER NOT COOPERATING*]	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Long Term Instruments</b>	<b>99.20</b> <b>(₹ Ninety-Nine Crore and Twenty Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1.

^Backed by unconditional and irrevocable default payment guarantee from Power Finance Corporation (PFC, rated CARE AAA; Stable/CARE A1+). The guarantee operates through a trustee-administered structured payment mechanism for timely transfer of the required funds for repayment of principal and interest to debenture holders

### Detailed rationale and key rating drivers

CARE had, vide its press release dated March 31, 2018, placed the rating of Shree Maheshwar Hydel Power Corporation Limited (SMHPCL) under the 'issuer non-cooperating' category as SMHPCL had failed to provide the surveillance fees for the rating exercise as agreed to in its Rating Agreement. SMHPCL continues to be non-cooperative despite repeated requests for submission of information through email dated May 10, 2022; May 20, 2022 and May 30, 2022. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

### Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating of long-term bank facilities of SMHPCL continues to factor in the ongoing delays in servicing of debt obligations. The rating of NCDs is based on unconditional and irrevocable corporate guarantee provided by Power Corporation Limited (PFC). The guarantee operates through a trustee administered structure payment mechanism to ensure the timely repayment of principal and interest obligations on the NCDs. The payment of interest and principal on the said NCDs has been timely as communicated by the debenture trustee periodically.

### Analytical approach

Standalone for bank facilities and credit enhancement in the form of unconditional and irrevocable default payment guarantee from Power Finance Corporation (PFC) for NCDs.

### Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Definition of Default](#)

[Rating Credit Enhanced Debt](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Infrastructure Sector Ratings](#)

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### About the company (SMHPCL)

About the Company (SMHPCL) SMHPCL is setting-up 400 MW (10x40MW) Maheshwar Hydro Power Project on the river Narmada at Maheshwar near Mandleshwar, Madhya Pradesh. The project was initially conceived for setting up by the Narmada Valley Development Authority (NVDA). Later, it was transferred to erstwhile Madhya Pradesh State Electricity Board (MPSEB) in

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

1980, before awarding it to S Kumars group (the group) as an Independent Power Project. The group created a Special Purpose Vehicle (SPV) in 1993 in the name of SMHPCL for execution of the project. The project entailed a total estimated cost of ~Rs. 3,939cr (originally Rs. 2,760 cr) to be funded in a debt to equity mix of 70:30. The long-term Power purchase agreement (PPA) for the project was signed in 1994 with erstwhile MPSEB (succeeded by M.P. Power Management Co Ltd as holding company for all discoms in M.P). The work on the project which started in the year 1998-99 was stalled in September 2001 due to withdrawal of certain lenders impacting the financing of the project. Consequently, SMHPCL approached Power Finance Corporation (PFC) for sanction of debt and the work on the project was started again in November 2005.

**Brief Financials of SMHPCL are not available as the project is currently on hold.**

#### About the guarantor (PFC)

PFC was set up in the year 1986 as a financial institution dedicated to power sector financing. The corporation was notified as a public financial institution in 1990 under the Companies Act, 1956. Until 1996, PFC lent exclusively to the public sector entities. Since 1996, it has expanded its customer profile to include private sector power utilities and projects. In 2010, RBI had classified the company as an Infrastructure Finance Company (NBFC-ND-IFC). The product portfolio of PFC includes financial products and services like rupee term loans, short-term loans, equipment lease financing and transitional financing services, etc, for various power projects in the generation, transmission and distribution sector. PFC's clients mainly include central power utilities, state power utilities, private power sector utilities (including independent power producers), joint sector power utilities and power equipment manufacturers. Brief Financials of PFC –

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
TOI	33,371	37,767	28,717
PAT	5,655	8,444	7,412
Total Assets	3,61,787	3,92,084	NA
Net NPA (%)	3.80	2.09	2.00
ROTA (%)	1.60	2.24	NA

A: Audited; UA: Unaudited; NA: Not Available

#### Status of non-cooperation with previous CRA:

SMHPCL has not cooperated with CRISIL which has classified it in noncooperative category vide press release dated September 17, 2021

**Any other information:** NA

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure-4

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Term Loan-Long Term	-	-	-	-	451.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE875F07013, INE875F07021, INE875F07039	August 01, 2007	10.75%	March 2022	99.20	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Debentures-Non Convertible Debentures	LT	99.20	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+ (CE); Stable; ISSUER NOT COOPERATING* (24-Jun-21)	1)CARE BB+ (CE); Stable; ISSUER NOT COOPERATING* (06-Jul-20)	1)CARE AAA (CE); Stable; ISSUER NOT COOPERATING* (30-Sep-19)
2	Term Loan-Long Term	LT	451.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (24-Jun-21)	1)CARE D; ISSUER NOT COOPERATING* (02-Sep-20)	1)CARE D; ISSUER NOT COOPERATING* (30-Sep-19)

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities- NA****Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Term Loan-Long Term	Simple

**Annexure-5: Bank lender details for this company**

To view the lender wise details of bank facilities please click here

**Note on complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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