

## Essel Green Energy Private Limited

December 12, 2019

### Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long-term Bank Facilities	100.00	CARE D ; ISSUER NOT COOPERATING* [Single D ISSUER NOT COOPERATING]	Revised from CARE C (CE); Issuer Not Cooperating [Single C (Credit Enhancement) Issuer Not Cooperating]
<b>Total</b>	<b>100.00</b> <b>(Rs. One hundred crore only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed description of the key rating drivers

The revision in the rating assigned to the long term bank facilities of **Essel Green Energy Private Limited (EGPL)** factors in the delays in debt servicing of the guarantor and parent company, namely Essel Infraprojects Limited (EIL) and consequent revision in its rating to 'CARE D; Issuer Not Cooperating' from 'CARE A4; Issuer Not Cooperating'. CARE does not derive comfort from the guarantee and hence removes the explicit credit enhancement of the guarantor.

Further, CARE had, vide its press release dated July 9, 2019, placed the rating of EGPL under the 'Issuer Non-Cooperating' category as EGPL had failed to provide information for monitoring of the rating. 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).**

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

As per lender interaction at the time of last review, there have been no delays observed in servicing of its debt obligations. However, absence of any liquidity cushion and delays in debt servicing of the guarantor limits financial flexibility to meet the impending debt repayments.

#### Analytical approach: Standalone

The credit risk assessment encompasses the standalone risk assessment of business and financial risk profile of the guarantor (EIL). Further, corporate guarantee is extended by EIL for the group companies, hence the estimated debt repayment shortfall is considered in the risk assessment.

#### Applicable Criteria

[CARE's Policy on Default Recognition](#)

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

[Rating Methodology: Consolidation and Factoring Linkages in Ratings](#)

#### About the Company

Incorporated in September 2013, Essel Green Energy Private Limited (EGEPL) is promoted (100% subsidiary) by Essel Infraprojects Limited (EIL). EGEPL is the holding company for the solar portfolio of the Essel Group, and also provides O&M services to the projects owned by the Essel Group. EGEPL (through its subsidiaries) owns solar plants with a combined capacity of 665 MW. Of the same, about 90 MW is operational whereas about 575 MW is under various stages of implementation.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	13.56	16.23
PBILD	-0.56	0.56
PAT	-24.20	-39.56
Overall gearing (times)	0.54	1.84
Interest coverage (times)	-ve	0.01

A: Audited

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

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - LT-Bank Guarantees	-	-	-	100.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C (CE); ISSUER NOT COOPERATING* on the basis of best available information

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

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Non-fund-based - LT-Bank Guarantees	LT	100.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C (CE) ISSUER NOT COOPERATING* Issuer not cooperating on the basis of best available information	1) CARE C (CE); ISSUER NOT COOPERATING* Issuer not cooperating; (09-Jul-19)	1)CARE BB (SO) (Under Credit watch with Negative Implications) (12-Feb-19) 2)CARE BBB-(SO) (Under Credit watch with Developing Implications) (07-Dec-18) 3)CARE BBB-(SO) (Under Credit watch with Developing Implications) (26-Sep-18) 4)CARE BBB+(SO) (Under Credit watch with Developing Implications) (31-Jul-18)	1)CARE BBB+ (SO); Stable (12-Jul-17)	-

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

## Contact us

### Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

### Analyst Contact

Group Head Name - Ratnam Raju N

Group Head Contact no.-022- 6837 4472

Group Head Email ID- ratnam.nakka@careratings.com

### Business Development Contact

Name: Mr. Ankur Sachdeva

Contact no.: +91- 98196 98985

Email ID: ankur.sachdeva@careratings.com

### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

### Disclaimer

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**