JULY 10, 2015

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF PLG PHOTOVOLTAIC LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	200.44 (reduced from 213.00)	CARE BBB- (Triple B Minus)	Revised from CARE BB+ (Double B Plus)
Total Facilities	**200.44**		

Rating Rationale

The revision in the rating assigned to the bank facilities of PLG Photovoltaic Ltd (PLGPV) takes into account the improvement in the operational and financial performance of the project in FY15 (refers to the period April 1 to March 31) reflected by improvement in Capacity Utilisation Factor (CUF) leading to improvement in gross cash accruals as well as debt coverage indicators. The rating also derives comfort from maintenance of Debt Service Reserve Account (DSRA) and prioritisation of debt repayments over repayments to creditors as per Trust and Retention Account waterfall mechanism. The rating continues to factor in the 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+') and track record of timely payments. The rating is, however, constrained by moderate financial risk profile of the company with accumulated losses and relatively large creditors, susceptibility of performance to variation in climatic conditions and technological risk with relatively lower long-term industry performance record of equipment in Indian conditions.

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

Background

Incorporated in 2007, PLGPV is a special purpose vehicle (SPV) owned by Zamil Infra Pvt Ltd (ZIPL, rated 'CARE B') and PLG Power Ltd (PPL) with 74% and 26% equity holding, respectively, as on March 31, 2015. PLG has set up a 20-MW grid connected solar photovoltaic (PV) power plant at Village Dahisar, Taluka Santalpur, District Patan in Gujarat at a cost of Rs.356.04 crore. The project achieved Commercial Operation Date (COD) on January 26, 2012. The company has been supplying entire power to GUVNL under a PPA for a period of 25 years (Original PPA signed on May 2010 and supplementary PPA on June 2011). GUVNL would purchase power at Rs.15/unit for the first 12 years and at Rs.5/unit for the next 13 years as per Gujarat State Solar Policy Framework 2009.

For FY15, the company's total operating income stood at Rs.50.97 crore with net loss of Rs.1.76 crore and GCA of Rs.18.31 crore as compared with total operating income of Rs.44.97 crore with net loss of Rs.27.48 crore and GCA of Rs.5.97 crore in FY14.

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

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****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.

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