

May 12, 2010

CARE ASSIGNS 'BBB' RATING TO THE BANK FACILITIES OF URJANKUR SHREE DATTA POWER CO LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	140.76	'CARE BBB' (Triple B)	Assigned
Total Facilities	140.76		

Rating Rationale

The rating derives strength from the track record of promoters of Urjankur Shree Datta Power Company Limited (USPL), majority ownership of the Government of Maharashtra (GoM) through Urjankur Nidhi Fund (UNF), achievement of financial closure for the project, focus on renewable energy sector which enjoys Government support, agreement with Host Sugar Factory for sourcing fuel (bagasse), Power Purchase Agreement (PPA) with Reliance Energy Trading Ltd. (RETL), and favourable industry scenario.

The rating is however, constrained by the limited experience of the promoters in developing co-generation power plant, exposure to fuel (coal) price fluctuation risk in the absence of bagasse and the project execution risk.

The ability of USPL to complete the project within the envisaged time and cost and operate the same profitably are the key rating sensitivities.

Company Profile

USPL is a Special Purpose Vehicle (SPV) set up by GoM under the UNF and IL&FS for setting up a 36-MW bagasse-based co-generation power plant. The cogeneration power plant is being set up adjacent to the Host Sugar Factory (HSF) - Shree Datta Shetkari Sahakari Sakhar Karkhana Ltd. (SSKL) in Shirol, Kolhapur District, Maharashtra. USPL is implementing the project on Build, Own, Operate & Transfer (BOOT) basis and the plant would be transferred to SSKL after USPL recovers the required return on its investments in the project.

The cost of the project is estimated at Rs.198.48 crore, to be funded at a debt to equity ratio of 70:30. The financial closure has been achieved. As of February 15, 2010, USPL had spent around 55% of the envisaged cost. The overall project execution is progressing as per the schedule and the company is expecting to commission the plant by August 31, 2010.

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²Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

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