

## Simhapuri Energy Limited

Instrument	Amount in Rs. crore	Rating Action
Long term fund based limits	2173.01	[ICRA]D; assigned
Unallocated	33.80	[ICRA]D; assigned

ICRA has assigned a long-term rating of [ICRA]D (pronounced ICRA D) to Rs. 2173.01 crore<sup>1</sup> fund based limits and Rs. 33.80 crore unallocated limits of Simhapuri Energy Limited (SEL)<sup>†</sup>.

The assigned rating is constrained by recent delays in debt servicing by SEL. The rating also takes into account the off-take risk for SEL owing to lack of long term power purchase agreements (PPAs) for its 600 MW operational thermal power capacity. ICRA notes that the capacity tied-up with PTC India Limited (350 MW out of 600 MW) does not have back to back firm PPAs. SEL's cost competitiveness would also remain exposed to fluctuations in international coal prices and USD-INR exchange rate given the dependence on imported coal. Further, the fuel supply agreement for imported coal with Group Company - M/s. PT Madhucon Indonesia remains non-operational and therefore, the fuel requirements are currently being met through imports from Indonesia through traders.

The rating, however, favorably factors in the satisfactory PLF reported by SEL with aggregate PLF of 81% (phase I and phase II) in FY 2015 and the remunerative tariff from sale of power in the short term market.

Going forward, SEL's ability to service its debt obligations in a timely manner will be the key rating sensitivity.

### Company Profile

Simhapuri Energy, promoted by the Hyderabad based Madhucon Group, is setting up a coastal coal based thermal power plant with an ultimate capacity of 1920 MW, to be developed in three phases near Krishnapatnam, in Nellore District, Andhra Pradesh. Currently, 600 MW is operational, Phase I (300 MW) achieved CoD by July 2012 and Phase II (300 MW) by March 2015<sup>2</sup>. The total project cost for phase I & II together is Rs. 3510.05 crore which was funded through Rs. 2474.81 crore of debt (71% of total project cost) and Rs. 1035.24 crore of equity (29%). The Madhucon Group largely undertakes EPC works across various sectors with Madhucon Projects Limited (rated [ICRA]D) as its flagship; the Group also has several investments in BOT projects.

### Recent Results

As per the audited results, the company reported turnover of Rs. 1554.78 crore and net profit of Rs. 171.81 crore during FY 2015 as against turnover of Rs. 1100.86 crore and net profit of Rs. 141.15 crore in FY 2014.

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<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

<sup>2</sup>Unit 1 of Phase II was commissioned by February 2014



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