

Sunborne Energy Gujarat One Private Limited

Instrument	Amount Rated	Rating Action
	In Rs. Crore	As of September 2016
Term loan	128.0 (reduced from Rs 142.0 crore)	[ICRA]A-(Stable); <i>upgraded</i>
Unallocated	Nil (reduced from Rs 8.0 crore)	
Total	128.0	

ICRA has upgraded the long term rating of Sunborne Energy Gujarat One Private Limited (SEGOPL)¹ to [ICRA]A- (pronounced ICRA A minus) from [ICRA]BBB+ (pronounced ICRA triple B plus) for its Rs 128.0 crore² term loan facilities (reduced from Rs 142.0 crore term loan facilities and Rs 8.0 crore unallocated limits). The rating carries a Stable outlook.

While upgrading the ratings, ICRA has taken comfort from the improvement in average PLF of the 15.0 MW solar power plant over the last 4 years owing to better plant management. Further ratings are supported by satisfactory track record of prompt payments since commencement by its customer namely Gujarat Urja Vikas Nigam Limited (GUVNL). Further the company is maintaining surplus cash balances in the DSRA, which provides additional liquidity cushion for debt servicing. ICRA also takes note of sound management team of the Sunborne Group, with an established track record in solar power industry. ICRA also factors in adequate feed in tariff rates announced by GoG and the encouraging provisions of solar policy of Gujarat.

The ratings continue to be constrained by technical risks arising from the limited track record of utility scale solar power projects in India and absence of adequate technical performance record of imported equipments in Indian conditions. That said, ICRA acknowledges the satisfactory track record of the plant, thus far. Further the actual generation and cash flows remain linked to the solar insolation levels which are variable in nature. Ratings are also constrained by the fact that the solar PV project implemented by SEGOPL has relatively high capital cost/MW which makes its power uncompetitive vis-à-vis other power sources. Under this circumstance, ability and willingness of off takers to pay such tariffs will remain a key rating driver. However, ICRA takes comfort from the stringent termination clauses which puts severe financial burden on the offtaker in case it defaults on its obligations.

Going forward, the operational performance such as generation levels and the collection cycle of the project will continue to remain the key rating sensitivities.

About the Company

SunBorne Energy Gujarat One Private Limited (SEGOPL) is project special purpose vehicle (SPV) set up under Sunborne Group, to develop, manage and operate a 15 MW Solar Photo Voltaic (PV) power plant in Kutch, Gujarat at a total project cost of Rs 215 crore and funded in a debt:equity ratio of 66:34. The 15 MW Project was commissioned on June 8, 2012. The solar modules have been sourced from SolarWorld. This project was set up under the Gujarat Solar Policy 2009 framework. SEGOPL has entered into a 25 years Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Limited (GUVNL) with feed in tariff of Rs. 15 per unit for first 12 years and at Rs. 5 per unit thereafter.

Recent Results

SEGOPL, on a provisional basis, reported a Profit after tax (PAT) of Rs 8.23 crore on an operating income (OI) of Rs 38.53 crore in FY 2016 and a PAT and OI of Rs 7.39 crore and 38.40 crore respectively in FY 2015.

September 2016

¹ For complete rating and definitions please refer to ICRA's website www.icra.in or any of the ICRA Rating Publication

² 100 lakh=1 crore= 10 million



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