

## Visual Percept Solar Projects Private Limited

Instrument	Amount Rated	Rating Action
Term Loan	Rs 231 crore	[ICRA]A reaffirmed; Outlook revised to Positive

ICRA has revised the outlook on the long term rating of [ICRA]A (pronounced ICRA A)<sup>1</sup> for the Rs 231 crore<sup>2</sup> term loan of Visual Percept Solar Projects Private Limited (VPSPPL) from Stable to Positive.

The revision in the outlook takes into account the sharp reduction in VPSPPL's long term debt in H1 FY2017, which has led to a healthy improvement in the company's capital structure. Such repayment, along with a substantial reduction in interest rate, in the recent past, would lead to significant improvement in debt coverage indicators going forward. In spite of early repayments, the company's cash and liquid investment balance at the end of July 2016 was healthy at ~Rs 11 crore. ICRA notes that VPSPPL plans to continue to pre-pay its long term loans from the cash generated through sale of power. Also with cashflows expected to remain stable, at least over the medium term, ICRA expects VPSPPL's capital structure, particularly on a net debt basis, to improve. The rating takes into account the stable performance of VPSPPL's solar power plant for the last four and half years of operation, which leads to healthy and timely cash flows to the company. The rating also factors in the use of internationally proven crystalline silicon cell technology for power generation, the international repute of the equipment suppliers, although ICRA notes that adequate technical performance record of imported equipment in Indian conditions is still not available, given the early stage of the solar photo voltaic industry in India. Moreover, solar PV panels are exposed to the risk of gradual degradation in efficiency. The risks arising out of the same are mitigated to an extent by comprehensive acceptance tests and the long term minimum performance warranty provided by the equipment manufacturers. However, in ICRA's opinion timeliness of receipt of compensation against such warranty invocation, if any, remains to be seen. Nevertheless, ICRA's sensitivity analyses indicate that the cash flows would be adequate for debt servicing even after assuming a steep degradation of module efficiencies, going forward.

The rating, however, is constrained by the moderate level of business returns that the project is likely to generate. Moreover, the viability of power generation from the plant is contingent upon the continuation of the favorable power purchase tariff being provided by GUVNL (rated [ICRA]A+ (Stable) / [ICRA]A1+). Also the company is exposed to counter party credit risks with GUVNL being the sole offtaker of power from the plant, though ICRA notes that collections have been timely so far. Also the rating continues to be supported by structural features like presence of debt service reserve account (DSRA) for one quarter of debt obligations, revolving letter of credit in favor of the company equivalent to one month's power sales and termination clause in the power purchase agreement (PPA).

### Company Profile

Visual Percept Solar Projects Private Limited (VPSPPL) is promoted and wholly owned by Talma Chemical Industries Pvt Ltd (TCIPL). Balrampur Chimi Mills Ltd (BCML) is also an investor in the company, having invested Rs 40.05 crore in the form of debentures. VPSPPL has been set up to develop, manage and operate a 25 MW Solar Photo Voltic (PV) power plant at Surel in Surendranagar, Gujarat. The company has entered into a 25 year Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Limited (GUVNL) with a feed in tariff of Rs 15 per unit for first 12 years and Rs 5 per unit thereafter. The entire 25 MW power plant was commissioned in January 2012.

### Recent Results

VPSPPL registered a profit after tax of Rs 14.85 crore on the back of net sales of Rs 59.12 crore during 2015-16. In 2014-15, VPSPPL reported a profit after tax of Rs 12.39 crore on the back of net sales of Rs 58.55 crore.

**September 2016**

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



*For further details please contact:*

*Analyst Contacts:*

**Mr. Jayanta Roy**, (Tel. No. +91-33-22876617 / 22800008)  
jayanta@icraindia.com

**Soumyajyoti Basu** (Tel No. +91 33 7150 1109)  
soumyajyoti.basu@icraindia.com

*Relationship Contacts:*

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500