

January 24, 2020

Maheswari Mining and Energy Pvt. Ltd.: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based limits	81.66	81.66	[ICRA]BBB- (Negative); Outstanding
Non fund-based limits	3.70	3.70	[ICRA]A3; Outstanding
Unallocated Limits	19.64	19.64	[ICRA]BBB- (Negative)/[ICRA]A3; Outstanding
Total	105.00	105.00	

*Instrument details are provided in Annexure-1

Material event

ICRA has noted that Maheswari Mining and Energy Pvt. Ltd. (MMEPL) was awarded 9 MW of solar roof top projects by Solar Energy Corporation of India Ltd. (SECI) under RESCO model, which would be installed on the vacant government buildings at different locations, based on the publicly available information dated January 16, 2020.

Impact of material event

The rating remains unchanged at the earlier rating of [ICRA]BBB-(Negative)/[ICRA]A3.

The company was awarded 9 MW of solar roof top projects from SECI at different locations and the same is expected to be funded by mix of equity and debt. The total estimated project cost is around Rs.36.54 crore and must be executed within 9-12 months from the date of allocations based on the project location. Further applicable tariff of the projects is defined as per zone (geographic location) and the projects were awarded under three zones namely Zone-2¹ with 2.5 MW at a tariff of Rs.3.3, Zone-3² at a tariff of Rs.3.33 and Zone-4³ at a tariff of Rs.1.899 per unit. Also, the projects are eligible for incentives for capacity commissioned within the timelines (provided at least 40% of capacity is installed) specified in the letter of allocation, which would result in reduction in overall project cost for MMEPL. The proposed capex along with the significant on-going capex for 50 MW of solar power plants would impact the leverage and coverage metrics in the medium term. However, the projected cash flows would be sufficient to meet the debt servicing requirements.

ICRA would continue to monitor the developments related to the project completion within envisaged cost and timely receipt of payments from operational solar plant (TSSPDCL), and take appropriate rating action, post analysing the impact on MMEPL's financial risk profile.

The previous detailed rating rationale is available on the following link: [Click here](#)

¹ Andhra Pradesh, Maharashtra, Pondicherry, Telangana, Dadra & Nagar Haveli, Daman & Diu, Madhya Pradesh

² Bihar, Chandigarh, Chhattisgarh, Delhi, Goa, Haryana, Jharkhand, Kerala, Odisha, Punjab, Uttar Pradesh, West Bengal

³ Uttarakhand, Himachal Pradesh, Jammu & Kashmir, Lakshadweep, Andaman & Nicobar Islands, and North Eastern states

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