

## Shree Maheshwar Hydel Power Corporation Limited

June 24, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	451.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>451.00</b> <b>(Rs. Four Hundred Fifty-One Crore Only)</b>		
Non Convertible Debentures	99.20	CARE BB+ (CE)^; Stable; ISSUER NOT COOPERATING* [Double B Plus (Credit Enhancement); Outlook: Stable ISSUER NOT COOPERATING*]	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Long Term Instruments</b>	<b>99.20</b> <b>(Rs. Ninety-Nine Crore and Twenty Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

^Backed by unconditional and irrevocable default payment guarantee from Power Finance Corporation (PFC, rated CARE AAA; Stable/CARE A1+). The guarantee operates through a trustee-administered structured payment mechanism for timely transfer of the required funds for repayment of principal and interest to debenture holders.

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 31, 2018, placed the rating of Shree Maheshwar Hydel Power Corporation Limited (SMHPCL) under the 'issuer non-cooperating' category as SMHPCL had failed to provide the surveillance fees for the rating exercise as agreed to in its Rating Agreement. SMHPCL continues to be non-cooperative despite repeated requests for submission of information through email dated May 22, 2021; June 01, 2021 and June 11, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The rating of long-term bank facilities of SMHPCL continues to factor in the ongoing delays in servicing of debt obligations. The rating of NCDs is based on unconditional and irrevocable corporate guarantee provided by Power Corporation Limited (PFC). The guarantee operates through a trustee administered structure payment mechanism to ensure the timely repayment of principal and interest obligations on the NCDs. The payment of interest and principal on the said NCDs has been timely as communicated by the debenture trustee periodically.

**Analytical approach:** Standalone for bank facilities and credit enhancement in the form of unconditional and irrevocable default payment guarantee from Power Finance Corporation (PFC) for NCDs.

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Infrastructure Sector Ratings](#)

[Rating Methodology - Power Generation Projects](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Rating Credit Enhanced Debt](#)

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

### About the Company (SMHPCL)

SMHPCL is setting-up 400 MW (10x40MW) Maheshwar Hydro Power Project on the river Narmada at Maheshwar near Mandleshwar, Madhya Pradesh. The project was initially conceived for setting up by the Narmada Valley Development Authority (NVDA). Later, it was transferred to erstwhile Madhya Pradesh State Electricity Board (MPSEB) in 1980, before awarding it to S Kumars group (the group) as an Independent Power Project. The group created a Special Purpose Vehicle (SPV) in 1993 in the name of SMHPCL for execution of the project. The project entailed a total estimated cost of ~Rs. 3,939cr (originally Rs. 2,760 cr) to be funded in a debt to equity mix of 70:30. The long-term Power purchase agreement (PPA) for the project was signed in 1994 with erstwhile MPSEB (succeeded by M.P. Power Management Co Ltd as holding company for all discoms in M.P). The work on the project which started in the year 1998-99 was stalled in September 2001 due to withdrawal of certain lenders impacting the financing of the project. Consequently, SMHPCL approached Power Finance Corporation (PFC) for sanction of debt and the work on the project was started again in November 2005.

**Brief Financials of SMHPCL are not available as the project is currently on hold.**

### About the guarantor (PFC)

PFC was set up in the year 1986 as a Financial Institution (FI) dedicated to power sector financing. The corporation was notified as a public financial institution in 1990 under the Companies Act, 1956. Until 1996, PFC lent exclusively to the public sector entities. Since 1996, it has expanded its customer profile to include private sector power utilities and projects. In the year 2010, RBI had classified the company as 'Infrastructure Finance Company (NBFC-ND-IFC)'. The product portfolio of PFC includes financial products and services like rupee term loan, short-term loan, equipment lease financing and transitional financing services, etc, for various power projects in generation, transmission and distribution sector. PFC's clients mainly include central power utilities, state power utilities, private power sector utilities (including independent power producers), joint sector power utilities and power equipment manufacturers.

Brief Financials- PFC (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	28,851	33,248
PAT	6,953	5,655
Interest coverage (times)	1.52	1.37
Total assets	3,40,794	3,61,787
Net NPA (%)	4.55	3.80
ROTA (%)	2.26	1.60

A: Audited

**Status of non-cooperation with previous CRA:** SMHPCL has not cooperated with CRISIL which has classified it in non-cooperative category vide press release dated September 11, 2020

**Any other information:** NA

**Rating History for last three years:** Please refer Annexure-2

### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	-	451.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures (ISIN- INE875F07013, INE875F07021, INE875F07039)	August 01, 2007	10.75%	March 2022	99.20	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Debentures-Non Convertible Debentures	LT	99.20	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+ (CE); Stable; ISSUER NOT COOPERATING* (06-Jul-20)	1)CARE AAA (CE); Stable; ISSUER NOT COOPERATING* (30-Sep-19)	1)CARE AAA (SO); Stable; ISSUER NOT COOPERATING* (06-Apr-18)
2.	Term Loan-Long Term	LT	451.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (02-Sep-20)	1)CARE D; ISSUER NOT COOPERATING* (30-Sep-19)	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)

\*Issuer did not cooperate; Based on best available information

**Annexure 3: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Simple
2.	Term Loan-Long Term	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**