



## Press Release

### Him Urja Private Limited (HUPL)

January 13, 2023

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities – Term Loans	111.17 (Increased from Rs 76.00 Crores)	IVR BBB/ Stable (IVR Triple B With Stable Outlook)	Rating Reaffirmed and Outlook assigned; resolved Credit Watch with Developing Implications	Simple
Total	111.17 (INR One Hundred Eleven Crores and Seventeen Lakhs only)			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings reaffirmation of Him Urja Private Limited's (HUPL) bank loan facilities continues to factor the experienced promoters and management, long team PPAs, comfortable capital structure and debt protection metrics. However, the rating is constrained by the inherent risks associated with power generation and susceptibility of revenues to availability of water flow.

The credit watch with developing implications (CWDI) has been resolved and "Stable" outlook was assigned given the improvement in PLF factor and sustained improvement in revenues and profitability in FY22.

#### Key Rating Sensitivities:

##### Upward Factors

- Substantial and sustained improvement in revenues & profitability

##### Downward Factors

- Any decline in revenue and/or profitability or any major debt funded capex impacting the debt protection metrics or liquidity.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Experienced Promoters and Management

HUPL was founded by Mr. Arun Gupta, who is the Chairman cum Managing Director of the company. Arun Gupta founded the MG Group and its flagship company Him Urja Private Limited with the goal of making a significant mark in the power sector. A civil engineer by profession and a postgraduate in finance management, Mr Gupta served the Government of India for 22 years in the Indian Revenue Services before starting this group. He has in-depth knowledge of the financial, technical, time and cost aspects of large-scale projects. He is well supported by a team of qualified and professional team of management.

##### Long term PPAs

HUPL has offtake arrangements with UPCL (Uttarakhand Power Company Ltd) for both the projects. HUPL usually receives payments within 20-25 days from UPCL and offers a 1% rebate as per the terms and conditions of the power purchase agreement (PPA; 1% discount on receipt of payments within 30 days). Under the PPA, 1.25% per month interest will be charged for payment after 60 days: hence, UPCL releases payments within a maximum of 60 days. Uttarakhand Electricity Regulatory Commission compensates the company for loss of revenues due to natural calamities with an increase in tariffs. The tariff was increased from Rs 4.74/kwh to Rs 4.99/kwh in FY20 and further to Rs 5.08/kwh in FY21. HUPL has received arrears due to increased tariff in FY22. The long term PPAs reflects revenue visibility for the company over near to medium term.

##### Comfortable capital structure and debt protection metrics

As on March 31, 2022, HUPL has tangible Networth of Rs 65.27 Crore against total debt of Rs 83.42 Crore resulting in a comfortable gearing of 1.28x. Also, the debt protection metrics of the company are comfortable with ISCR and DSCR of 2.99x and 1.63x respectively for FY22.

##### Improved financial performance



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HUPL's overall financial profile has improved in FY22 with the company reporting total operating income of Rs 40.20 Crore and PAT of Rs 11.78 Crore when compared to Rs 28.47 Crore and Rs 0.79 Crore respectively in FY21. In FY21 the PLF had decreased in both the projects (Mainly in Vanala SHP) due to major maintenance works which had also impacted on the profitability of the company. The gross cash accruals of the company has increased from Rs 9.19 Crores in FY21 to Rs 20.09 Crores in FY22.

### **Key Rating Weaknesses**

#### **Inherent risks involved in Power generation**

Being in the power generation industry, the company faces generation losses due to the natural calamities and the technical/maintenance issues in turbines due to which project could not run on its full capacity. The turbine issue is an ongoing issue, and the total time required for the maintenance work is approximately seven-to-eight months. Hence, the ability of the company to complete the maintenance work in the non-peak season and make sure the turbines are running at their full capacity during the peak season will be a key rating sensitivity.

#### **Susceptibility of revenues to availability of water flow.**

Hydro power generation largely depends on the water availability/water flow during the peak season i.e., June to December, which directly impacts the revenues of the company. Better the water availability better will be the revenues. The generation in FY21 declined due to the less water availability, which lead to a decline in revenue.

**Analytical Approach:** Standalone

#### **Applicable Criteria:**

[Rating Methodology for Infrastructure companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for rating outlook](#)

[Criteria for credit watch](#)



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### **Liquidity – Adequate**

The company is earning comfortable levels of GCA and the same is expected to increase with increased income levels and profitability. This indicates adequate degree of liquidity of the company in meeting its obligations. Company has current ratio of 2.29x as on 31 March 2022. It has cash and cash equivalents of Rs 22.17 Crore as on 30 September 2022. Company has also created DSRA equivalent to 2 quarters of debt servicing which is Rs 8.20 crore.

### **About the Company**

Him Urja Private Limited, incorporated in 1995, is into power generation and has set up the first small hydropower plant in the Himalayan region in 2002. It is a flagship company of diversified MG Group which has presence in real estate sector through development of integrated townships on the border of Delhi in the National Capital Region. The company has commissioned two run-of-the-river small hydropower projects in the Chamoli district of Uttarakhand, at Rajwakti (4.4 MW) and Vanala (15 MW) on the river Nandakini, a tributary of the river Alaknanda. Him Urja sells electricity generated from its projects through long term PPAs with the Uttarakhand Power Corporation Limited (UPCL)

### **Financials (Standalone) \*:**

(In Crore)

For the year ended / As on	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	28.47	40.20
EBITDA	19.76	26.87
PAT	0.79	11.78
Total Debt	84.94	83.43
Tangible Net-Worth	54.56	65.27
<b>Ratios</b>		
EBITDA Margin (%)	69.40	66.84
PAT Margin (%)	2.71	28.74
Overall Gearing Ratio (x)	1.56	1.28
ISCR (x)	1.82	2.99
DSCR (x)	1.36	1.63



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\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** None

**Any other information:** None

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (January 05, 2022)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Long Term Bank Facilities – Term Loan	Long Term	111.17	IVR BBB/ Stable	IVR BBB/CWDI	-	-

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**About Infomerics:**

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Term Loans	-	-	Upto 2029	111.17	IVR BBB/ Stable

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Him-Urja-jan23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).