



## Press Release

### Him Urja Private Limited

January 05, 2022

#### Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities – Term Loans	76.00	IVR BBB  Credit watch with developing implications  (IVR Triple B  Under Credit watch with developing implications)	Assigned
Total	76.00 (Rupees Seventy-Six Crores Only)		

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Him Urja Private Limited (HUPL) has taken into consideration 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.

Further rating has been placed under credit watch with developing implications to monitor the growth in PLF factor and sustained improvement in revenues and profitability in FY22.

#### Key Rating Sensitivities:

#### Upward Factors

- Substantial and sustained improvement in revenues and profitability



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- Substantial improvement in the capital structure with reduction in debt level and/or improvement in debt protection metrics.

### **Downward Factors**

- Any decline in revenues and/or profitability impacting the debt protection metrics or liquidity.

### **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 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 expects to receive arrears due to increased tariff in FY22.



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

As on March 31, 2021, HUPL has tangible networth of Rs 54.56 Crore against total debt of Rs 84.94 Crore resulting in a comfortable gearing of 1.16x. Also, the debt protection metrics of the company is comfortable with ISCR and DSCR of 1.82x and 1.36x respectively for FY21.

### **Key Rating Weaknesses**

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

Being in 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 its 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 and hence the revenues are highly susceptible on the availability of water flow. Better the water availability better will be the revenues. The power generation in FY21 declined due to the less water availability, which lead to a decline in revenues.

**Analytical Approach:** Standalone

**Applicable Criteria:**

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non- Financial Sector)



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### Liquidity – Adequate

The company is earning comfortable level 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 1.33x as on 31 March 2021. It has cash and cash equivalents of Rs 6.53 Crore as on 30 September 2021. Company has also created DSRA equivalent to 2 quarters of debt servicing which is Rs 8.20 crores which provides additional liquidity comfort.

### About the Company

**Him Urja Private Limited**, incorporated in 1995, is in to 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):**

**Rs in Crore**

For the year ended	31-03-2020	31-03-2021
Total Operating Income	41.06	29.24
EBITDA	30.35	19.76
PAT	8.26	0.79
Total debt	86.31	84.94
Tangible Networkth	54.95	54.56



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EBITDA Margin (%)	75.10	69.40
PAT Margin (%)	20.11	2.71
Overall Gearing Ratio (X)	1.57	1.53
ISCR (X)	2.43	1.82
DSCR (X)	1.91	1.36

\* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information:

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based – Term Loans	Long Term	76.00	IVR BBB  Credit watch with developing implications	Nil	Nil	Nil
	<b>Total</b>		<b>76.00</b>				

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities



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and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities:

Name of Facility/Instrument	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund based – term Loans	-	-	2030	69.00	IVR BBB Credit watch with developing implications
Fund based – GECL	-	-	2026	7.00	IVR BBB Credit watch with developing implications

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

**Annexure 3: Facility wise lender details**



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<https://www.infomerics.com/admin/prfiles/Him-Urja-lenders-jan22.pdf>

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

**Annexure 5: Complexity level of the rated Instruments/Facilities**

Sr No.	Instrument	Complexity Indicator
1	GECL	Simple
2.	Term Loans	Simple

**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).