

Press Release

Him Urja Private Limited

September 22, 2022



Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.50	ACUITE BBB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	12.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long term rating of '**ACUITE BBB+**' (read as **ACUITE Triple B Plus**) on the Rs. 12.50 Cr bank facilities of Him Urja Private Limited. The outlook is '**Stable**'.

Rationale for Assignment

The assigned rating takes into account the established track record of the company, improvement in revenue and profitability, long term PPA's and adequate liquidity position. The company entered into its first Power Purchase Agreement for Rajwakti plant in 2001 and for Vanala plant in 2012 with Uttarakhand Power Corporation Limited. Agreements are of long term in nature with 30 years' tenure for Rajwakti's PPA and 35 years for Vanala's PPA. The counter party is obliging with the terms of PPA and making timely payments for the bills raised by the company. The company witnessed dip in revenue in FY 2021 on account of shortage of water and ongoing mechanical issues in Vanala plant. Revenue improved in FY 2022 on account of sufficient water availability and the issues in Vanala plant will be resolved in the near term which would increase the efficiency of the plant and result in increased revenue going forward. Liquidity position of the company is adequate and the company has been meeting its debt obligations in a timely manner. Under the cash sweep clause, the company is prepaying its term loan and going forward the Debt Service Coverage Ratio (DSCR) is expected to remain comfortable. However, the rating is constrained by the hydrological and natural hazards risks that renewable plants are susceptible to and the risks related to counter party.

About the Company

Him Urja Private Limited, a Private Limited incorporated on 01-02-1995 registered under The Companies Act 1956 was undertaken in July 1998 by Mr. Arun Gupta, who is the Chairman cum Managing Director of the company. The Company is engaged in the generation of electricity and presently running two ROR Small Hydro Projects namely 4.4 MW Rajwakti Small Hydro-electric Power Station and 15 MW Vanala Small Hydro-electric Power Station both situated on Nandakini river in Chamoli district of Uttarakhand.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Him Urja Private

Limited to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management

The company is led by Mr. Arun Gupta. 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. This has enabled the promoter to navigate the market and help grow the company to the scale it is presently operating at. Going forward the company will benefit from the relationships fostered by the management and would be able to grow on a sustainable basis.

Moderate Financial Risk Profile

The company has a moderate financial risk profile marked by healthy net worth, comfortable gearing and moderate debt coverage indicators. The company's net worth stood at Rs. 75.53 Cr in FY 2022 (Provisional) as against Rs. 64.52 Cr in FY 2021 (Audited). Debt to Equity stood comfortable at 1.10 times in FY 2022 (Provisional) as against 1.32 times in FY 2021 (Audited). The total debt of Rs. 83.44 Cr in FY 2022 (Provisional) consists of Rs. 71.22 Cr of long term debt, 1.23 Cr of short term debt and Rs. 10.99 Cr of CPLTD. Interest Coverage Ratio (ICR) has improved to 3.32 times in FY 2022 (Provisional) from 1.94 times in FY 2021 (Audited) on account of increase in margins and cash accruals. DEBT-EBITDA has moderated to 2.79 times in FY 2022 (Provisional) from 4.27 times in FY 2021 (Audited). Company is also availing securitization loan of Rs. 50 Cr against securitization of future cash flows which will be disbursed in FY 23.

Timely Realization of bills

As per PPA, the company has to raise bills for the power generated before 5 th of every month. UPCL receives 2% of rebate if the payment is done within 7 days of raising the bills and 1% rebate if the bills are paid within 30 days. Penal interest of 1.25% per day is charged from UPCL if the payment goes beyond 60 days. UPCL has been compensating the bills raised by the company on a timely basis and has been obliging with the terms of the power purchase agreement.

Weaknesses

Counter Party Risk

Him Urja has Power Purchase Agreements with Uttarakhand Power Corporation Limited. Any adverse effect on the financials of the state of Uttarakhand can have an adverse effect on the receivables of the company.

Hydrological and Natural hazard Risks

Hydro projects face risk associated with hydrological risks where the availability of water can have significant impact on the operations of the plants. Apart from this the plants of Him Urja are also susceptible to natural hazards risk considering the location of the plants. In the past the company has faced water shortages and has been struck by natural calamities twice. UERC (Uttarakhand Electricity Regulatory Commission) revised tariffs in the past for Vanala plant to compensate the company for the repair works and the losses it faced due to the natural hazards that affected the plants.

Rating Sensitivities

- Running of power plants in an optimum capacity.
- Duration of receivables.

Material covenants

None.

Liquidity Position

Adequate

The company has adequate liquidity marked by its net cash accruals to its maturing debt obligations. In FY 2022 the company generated net cash accrual of Rs. 20.40 Cr against maturing debt obligation of Rs. 10.99 Cr. The documented repayment for term loan from IREDA is Rs. 8.80 Cr every year and the company is prepaying loan through cash sweep hence the CPLTD for FY 2022 stood at Rs. 10.87 Cr. Going forward, the company is expected to generate NCA of Rs. 20.42 Cr and Rs. 19.54 Cr in FY 23&24 against CPLTD of Rs. 13.17 for each respective year. The company maintained cash and bank balance of Rs. 12.79 Cr in FY 2022 and the current ratio for the fiscal stood at 2.48 times.

Outlook: Stable

Acuite believes that Him Urja Private Limited will maintain a 'stable' outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenue while sustaining profitability. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues, profit margins or deterioration in the financial risk profile and liquidity position.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	40.20	28.47
PAT	Rs. Cr.	10.97	0.79
PAT Margin	(%)	27.30	2.78
Total Debt/Tangible Net Worth	Times	1.10	1.32
PBDIT/Interest	Times	3.32	1.94

Status of non-cooperation with previous CRA (if applicable)

Not available

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History:

Not applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Indian Renewable Energy Development Agency Ltd. (IREDA)	Not Applicable	Term Loan	Not available	Not available	Not available	12.50	ACUITE BBB+ Stable Assigned

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About Acuité Ratings & Research

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