

September 01, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	35.24	SMERA B+/ Stable (upgraded from SMERA D)
Proposed Long Term Facilities	0.90	SMERA B+/ Stable (upgraded from SMERA D)

SMERA has upgraded the long term rating of the abovementioned bank facilities of Maris Power Supply Company Private Limited (MPSCPL) to '**SMERA B+**' (read as **SMERA B plus**) from **SMERA D**. The outlook is '**Stable**'.

The rating upgrade reflects timely debt servicing of the company over the past six months with instances of prepayment of debt obligations. This is driven by improvement in the company's liquidity on account of operationalization of its second wind farm (8.00 MW) which supplies to Hubli Electricity Supply Company Limited (HESCOM). The company would however remain exposed to variation in wind conditions and timely recovery of receivables, particularly from (HESCOM).

Update

MPSCPL recorded total revenue of Rs.9.48 crore during FY2014-15 (refers to financial year, April 01 to March 31) implying a healthy compounded annual growth rate of 32 per cent over the past five years ended March 2015 which is in line with SMERA's expectations. SMERA expects the company to maintain its stable revenues over the medium term, driven by long term power purchase agreements with State Electricity Board (SEB's). The company's operating profitability remains healthy over the past three years driven by its comfortable operating efficiencies. SMERA expects the company's profitability to remain healthy over the medium term. The company's liquidity remains comfortable marked by healthy cash flow from operations

Rating Sensitivity Factors

- Deterioration in receivable collection
- Future capital expenditure and its funding

Outlook: Stable

SMERA believes that MPSCPL would continue to benefit over the medium term from the revenue visibility supported by long term PPA with SEB's and experienced management. The outlook may be revised to 'Positive' if the company improves its cash flow through improved receivable management leading to further improvement in liquidity. Alternatively, the outlook may be revised

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to 'Negative' if the company's working capital management deteriorates or it undertakes any large debt funded capital expenditure impacting its liquidity and financial risk profile.

About the Company

MPSCPL, incorporated in 2005, is a Chennai-based company promoted by Mr. Anand Rengaswamy. The company generates power through wind turbines and supplies to Karnataka SEB's. The day-to-day affairs of the company are managed by the Director, Mr. Harigovind.

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