

Moody's Assigns First-time Baa3 Rating to Petronet LNG With Stable Outlook
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SINGAPORE, March 4 (Bernama) -- Moody's Investors Service Tuesday assigned a first-time Baa3 Corporate Family Rating (CFR) to Petronet LNG Ltd (PLL).

The outlook on the rating is stable, it said in a statement.

On the rating rationale, Vikas Halan, a Moody's Vice President, said: "PLL's Baa3 CFR reflects its dominant position in a growing industry, as the first and largest LNG terminal operator in India, accounting for about 76 per cent of total installed regasification facilities in India."

The rating also benefits from the company's large proportion of cash flows from long-term gas purchase and sale agreements with high quality counterparties, an experienced management team committed to a conservative financial policy, and its strong credit metrics with robust liquidity.

"PLL's rating is, however, constrained by its small scale, its lack of business diversification, and the execution risk from its large capital expenditure over the medium term, which will result in deterioration of credit metrics over the construction period," added Halan, who is Lead Analyst for PLL.

He said the stable outlook reflects PLL's large headroom in its current rating category and expectation that its credit metrics will stay appropriate for its ratings over the next 12-24 months, despite execution of largely debt-funded expansion plans.

"It further reflects our expectation that given PLL's track record and an experienced management team, PLL will execute efficiently its expansion plans and continue to maintain high utilisation level at its Dahej terminal and improve utilisation at Kochi terminal steadily to at least 50 per cent over the next three years," Halan said.

The rating is unlikely to be upgraded over the next 12-18 months given the execution risk around PLL's expansion plans until 2016.

Moody's will consider upgrading the CFR if PLL manages to sustain its good operational performance despite higher capacity and diversify further its business profile.

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