

APRIL 30, 2015

CARE ASSIGNS 'CARE BBB' RATING TO THE BANK FACILITIES OF INDO RAMA RENEWABLES JATH LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	153.80	CARE BBB (Triple B)	Assigned

Rating Rationale

The rating assigned to the bank facilities of Indo Rama Renewables Jath Limited (IRRJL) derives strength from the promoters' experience in diversified businesses, revenue visibility on account of long-term Power Purchase Agreement (PPA) signed with Maharashtra State Electricity Distribution Company Limited (MSEDCL) and experienced Operations & Maintenance (O&M) contractor. The rating also factors in the two quarters of Debt Service Reserve Account (DSRA) being maintained by the company.

The rating, however, is constrained by the relatively limited track record of operations of about 20 months, dependence of operating performance on the climate and wind patterns which are volatile and seasonal, revenue concentration and counterparty payment risk as the entire supply is being made to a single customer, i.e. MSEDCL.

Energy generation at envisaged levels and timely receipt of payments from the off-taker would be the key rating sensitivities.

Background

IRRJL is a special purpose vehicle (SPV) incorporated in May 2012 for setting up a 30 MW Wind Power Project in Jath village, Sangli District in the state of Maharashtra. The company is promoted by Indo Rama Group through Indo Rama Renewables Limited (IRRL) which is a wholly owned subsidiary of flagship company of the group Indo Rama Synthetics (India) Limited (IRSL; rated 'CARE BBB-', 'CARE A3'). The commercial operations of the project commenced on July 24, 2013. The project was set up at a total cost of Rs.222.30 crore funded through debt of Rs.162 crore and equity of Rs.60.3 crore. The company has entered into Power Purchase Agreements (PPAs) for 13 years with MSEDCL for export of entire power from the 30 MW of capacity. Gamesa Wind Turbines Private Limited (GWTPL), a subsidiary of Gamesa Corp, Spain had undertaken complete scope of work commencing from procurement of land up to commissioning the wind power projects. Also, Gamesa India is undertaking O&M work under a 20 year contract.

IRRJL has booked net loss of Rs.4.68 crore on total income of Rs.20.92 crore during FY14 (refers to the period April 1 to March 31). Based on provisional financials, IRRJL has booked PAT of Rs.6.64 crore on total income of Rs.31.04 crore during 9MFY15.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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