

JULY 30, 2014

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ORANGE RENEWABLE POWER PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	91.51	CARE BBB+ (Triple B Plus)	Revised from CARE BBB- [Triple B Minus]
Total Facilities	91.51		

Rating Rationale

The revision in the rating of the bank facilities of Orange Renewable Power Private Limited (ORPPL) takes into account the better than envisaged operational performance of the project since commissioning with a generation track record of more than 15 months, comfortable financial performance in FY14 (refers to the period April 1 to March 31), receipt of generation-based incentives and comfortable liquidity position. The rating also continues to derive comfort from the experienced management, long-term offtake arrangement through power purchase agreement (PPA) with Jaipur Vidyut Vitran Nigam Limited (JVVNL, rated CARE A-(SO)) at a fixed tariff for the entire capacity, creation of debt service reserve account (DSRA) for two quarters of debt servicing and moderately comfortable coverage indicators.

The rating is, however, constrained by the operational performance of the project being highly dependent on climatic conditions and counter-party credit risks of the off taker which may stretch collection period.

Going forward, given the dependence on wind availability and sensitivity to climatic conditions, the company's ability to operate the plant at desired levels, any higher-than-anticipated capex or investments and timely receipt of payments from the off-taker shall be the key rating sensitivities.

Background

Orange Renewable Power Private Limited (ORPPL), a Special Purpose Vehicle (SPV) promoted by Orange Renewable Holdings Pte Limited (ORHPL), Singapore, has established a 19.5MW wind power plant comprising 13 wind turbine generators (WTG) of 15 MW each at village Dalot in Pratapgarh district of Rajasthan. The project has been operational since March 31, 2013 and supplying power to Jaipur Vidyut Vitran Nigam Limited at a fixed tariff of Rs.5.44/unit under a 25 year PPA.

Orange Renewable Holding Pte Ltd, Singapore (ORHPL), which owns 100% stake in ORPPL, is majorly owned by AT Holding Pte Ltd (ATH), Singapore.

For FY14 (provisional) (refers to the period April 1 to March 31), ORPPL reported a PAT of Rs.5.11 crore on a total operating income of Rs.28.03 crore.

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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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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