SEPTEMBER 02, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF RATTANINDIA POWER LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	7692.14	**CARE BBB- (Triple B Minus)**	**Reaffirmed**
Short term Bank Facilities	265.00	**CARE A3 (A Three)**	**Reaffirmed**
Total	**7,957.14 (Rupees Seven Thousand Nine Hundred Fifty Seven crore and Fourteen lakh only)**		

Rating Rationale

The ratings assigned to the bank facilities of RattanIndia Power Limited (RPL) take into consideration the achievement of Commercial Operation Date (COD) for Phase-I of Amravati Power Project (APP-I). The ratings also factor in the demonstrated entrepreneurial experience of the promoters with Fuel Supply Agreement (FSA) for operations of the units at 85% Plant Load Factor (PLF) in place for APP-I and Power Purchase Agreement (PPA) for 1200 MW in place. The ratings are however constrained by low PLF of the commissioned units of APP-I leading to lower-than-envisaged cash accruals and stretched receivables period. Furthermore, the ratings are constrained by continued slow progress in project implementation of Phase-II of Amravati Power Project (APP-II) coupled with challenging operating environment in the power sector.

Going forward, the timely completion of ongoing projects within estimated costs and profitable scale-up of operations of the commissioned units shall be the key rating sensitivities.

Background

Incorporated in October 2007, RattanIndia Power Limited (RPL) is promoted by RattanIndia Infrastructure Limited (RIL) for developing power sector projects. Initially, the company was incorporated in the name of Indiabulls Power Limited (IPL) and was promoted by Indiabulls Real Estate Limited (IBREL) for developing power sector projects for the Indiabulls group. In November 2011, IBREL demerged its power & infrastructure business into a separate company, Indiabulls Infrastructure and Power Limited (IIPL). In July-2014, the promoters of Indiabulls Group (Mr Sameer Gehlaut, Mr Rajiv Rattan & Mr Saurabh Mittal) restructured their holdings with power business being handled by Mr Rattan. Furthermore, as per the terms of restructuring, Mr Rattan ceased to have any rights/interests in Indiabulls Brand and IPL & IIPL was rebranded to RattanIndia Power Limited and RattanIndia Infrastructure Limited respectively in December, 2014.

RPL is currently developing two 1,350 MW (5 units of 270 MW) in Amravati district of Maharashtra, named Amaravati Power Project-I (APP-I) and Amaravati Power Project-II (APP-II). The company through its wholly-owned subsidiary RattanIndia Nasik Power Limited (RNPL) also has two 1350 MW (5 units of 270 MW)coal-based thermal power plants (TPP) projects under development in Nashik district of Maharashtra which are named as Nashik Power Project-I (NPP-I) and Nashik Power Project-II (NPP-II).

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

For APP-I, RPL has declared COD for all its 5 units on March 13, 2015. The total project cost is around Rs.8,555.92 crore, funded through debt of Rs.6,353 crore and equity of Rs.2,202.92 crore. Phase-II of APP continues to remain on hold and the company has incurred 11% of the project cost in APP-II (total cost: Rs.6,646 crore) till March 31, 2015.

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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