

## Press Release

### **Brickwork Ratings assigns BWR BBB+ Rating with Stable outlook for long-term Bank Loan Facilities and BWR A3+ to the short-term Bank Loan Facilities sanctioned to Adhunik Power and Natural Resources Limited totaling ₹ 3023.66 Cr**

Brickwork Ratings has assigned the following Ratings<sup>1</sup> to the Bank Loan Facilities of Adhunik Power and Natural Resources Limited (APNRL):

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Fund Based: Cash Credit Term Loan</b>	257 2544.66	Long Term	<b>BWR BBB+</b> (Pronounced BWR Triple B Plus) <b>(Outlook – Stable)</b>
<b>Non-Fund Based: Letter of Credit/Bank Guarantee</b>	222	Short Term	<b>BWR A3+</b> (Pronounced BWR A Three Plus)

The rating factors, inter alia, the support provided by the group (via equity infusions and managerial support), achievement of financial closure, the current stage of project execution with Phase I of the project having achieved COD in January 2013, expected commissioning of Phase II in April 2013, allocation of Ganeshpur captive coal block on a 50:50 sharing basis with Tata Steel (TISCO), long term Power Purchase Agreements in place and the execution of Fuel Supply Agreements with Central Coalfields Ltd (CCL) on a tapering linkage basis.

The rating is constrained by its exposure to fuel supply risks from CCL, absence of a proven track record in managing such projects, post implementation risks that may arise due to the recent achievement of COD, exposure to tariff price movements due to its functioning as a merchant power plant to a certain extent.

The company's ability to meet the timelines specified for commissioning of Phase II, the ability to manage its feed availability and pricing, management of cash flows and managing further expansion without recourse to excess debt will remain key rating sensitivities.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Project Details:

The company has entered into an MoU with the Government of Jharkhand to set up a 1080 MW coal based thermal power plant in 2008. The company has built two units of 270 MW (Phase I and Phase II) under this MoU, taking the total installed capacity under this stage to 540 MW.

The units are located at the Padampur and Srirampur villages in the Sarikela-Kharsawan district in Jharkhand. The project has seen two cost and time overruns during implementation due to changes in the design for Phase I, delays in awarding contracts and increase in prices from the budgeted amount. However, the company financed its principal and interest repayments despite non-achievement of the scheduled COD by availing a credit line from IL & FS.

Since then, Phase I has achieved COD in January 2013 and power generated has been sold under the PPA agreements (for a total of 540 MW, 423 MW are covered under PPAs) in place. Phase II is expected to achieve COD in April 2013.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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