

August 26, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF
ABOHAR POWER GENERATION PVT. LTD.**

Ratings

Facilities	Amount (Rs. cr)	Ratings ¹	Remarks
Long-term Loans from Banks #	42.75	CARE BBB [Triple B]	Reaffirmed
Bank Guarantee (sublimit to term loan)	(25)	PR3 [PR Three]	Reaffirmed
Total	42.75		

Outstanding as on June 30, 2010

Rating Rationale

The rating takes into account the present completed status of the five mini hydro power projects of aggregate capacity 5.3 MW, off-take of power by Punjab State Electricity Board (PSEB) pursuant to the Power Purchase Agreement (PPA); and the resulting cash accruals from the project in the trial and testing phase. The rating also considers the strong support that APGPL derives from the experienced promoter Mr Sanjiv Saraf & his associates (SS Group), apart from the favorable demand for power in the current power deficit scenario. The rating is however constrained by the risks associated with successful operation of the power plants. Going forward, achievement of plant efficiency and timely payments by PSEB would be the key rating sensitivities.

Company Profile

APGPL is a Special Purpose Vehicle (SPV) promoted by Mr Sanjiv Saraf (Chairman of Polyplex Corporation Ltd. (PCL)) and his associates (“**SS Group**”) and Triveni Group (“**Triveni Engineering and Industries Ltd. (TEIL) Group**”) for setting up of five canal-based mini hydro power projects with aggregate capacity of 5.3 MW in Punjab. The projects are located on Abohar Branch Canal of river Satluj. The projects have been allotted on Build Own & Operate (“BOO”) basis with an initial concession period of 30 years from the commencement of Commercial Operations Date (COD). The PPAs for the five projects have been executed with the PSEB in November 2008.

All the five projects being implemented by APGPL have been completed and started generating electricity in the trial and testing phase. APGPL has spent about to Rs.60 cr till May 31, 2010 on the 5.3MW projects against the original project cost of Rs.57 cr. The additional cost has been funded through promoter’s contribution and from the realizations towards sale of power to PSEB from the projects.

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

Promoters

The Board of APGPL consists of three Directors out of which two are representatives of the SS Group and one is representative of the TEIL Group. The project management is being carried out by the management team of SS Group. PCL, being the flagship company of the SS Group, is one of India's leading manufacturers and exporter of biaxially oriented polyester (BOPET) film, rated CARE 'A' and 'PR2+'.

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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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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