

June 18, 2010

**CARE ASSIGNS 'CARE BBB' AND 'CARE BBB-' RATING TO THE ADDITIONAL BANK FACILITIES OF ABHIJEET MADC NAGPUR ENERGY PVT LTD**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Additional Long-term Bank Facilities (Senior Debt)*	495.46	<b>'CARE BBB' (Triple B)</b>	Assigned
Additional Long-term Bank Facilities (Subordinate Debt)	24.0	<b>'CARE BBB-' (Triple B Minus)</b>	Assigned
<b>Total Facilities</b>	<b>519.46</b>		

\*- It includes long-term non-fund based facilities of Rs.85.0 crore.

**Rating Rationale**

The ratings take into consideration the track record of the promoters, professionally qualified management, Power Purchase Agreements (PPAs) with Maharashtra Airport Development Company Ltd. (MADCL) along with others like Reliance Energy Trading Limited (RETL) and the Fuel Supply Agreement (FSA) in place, favourable growth potential for the power sector in Maharashtra in general and demand for power in Multi-modal International Passenger and Cargo Hub Airport at Nagpur-Special Economic Zone (MIHAN-SEZ) area in particular.

The ratings are constrained by largely debt-funded nature of the project, risk related to its execution, lack of complete land acquisition and exchange fluctuation risk on foreign currency debt availed.

**Company Profile**

AMNEPL is promoted by Abhijeet Infrastructure Limited (AIL) and other Abhijeet Group companies (collectively holding 74% stake) and MADCL (26%). AIL is part of the Abhijeet Group of Nagpur promoted by Mr. Manoj Jayaswal. The group is engaged in various manufacturing/trading activities in iron & steel, ferro alloys, roads and power generation areas. MADCL was incorporated in 2002, by the Government of Maharashtra (GoM) as the nodal agency for implementing project MIHAN along with development of airports in the State of Maharashtra.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in various r CARE publications.

AMNEPL is setting up a thermal power plant at Nagpur for exclusively supplying power to the upcoming SEZ and MIHAN. The company, recently, has enhanced its project scope, based on reassessment of power demand in MIHAN SEZ by MADCL. The proposed power plant would have a capacity of 271 MW (enhanced from 175 MW), including a 246 MW i.e. four units of 61.5 MW (enhanced from 150-MW i.e. three units of 50 MW) coal-fired thermal plant and a 25-MW diesel generator (back-up). The revised cost of the project has been estimated at Rs.1,382.0 crore (enhanced from Rs.892.06 crore) which is being funded at a debt to equity ratio of 4:1.

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