

## NTPC-ALSTOM Power Services Private Limited

Instrument	Amount	Rating Action
	In Crore	As on September 2016
Fund Based Limits	1.50	[ICRA]A+ (Stable) reaffirmed
Non Fund Based Limits	149.50	[ICRA]A1+ reaffirmed

ICRA has reaffirmed the long term rating for the Rs. 1.50 crore<sup>1</sup> fund based facilities of NTPC-ALSTOM Power Services Private Limited (NASL) at [ICRA]A+ (pronounced ICRA A plus)<sup>2</sup>. The outlook on the long-term rating is Stable. ICRA has also reaffirmed the short term rating for the Rs. 149.50 crore non fund based facilities of NASL at [ICRA]A1+ (pronounced ICRA A one plus).

The rating action factors in the healthy revenue growth registered by NASL in FY2016, driven by steady execution of the ongoing projects; and sizeable order book in hand (Rs 272 crore as on June 2016, which is ~2.3 x the FY2016 turnover), which provides future revenue visibility. The company is in the process of securing another sizeable project, which will augment the order book. However this also exposes the company to order book concentration risk. The company's liquidity remains comfortable given the low working capital requirement, advances from customers, no debt repayment liability, healthy cash balances and no major capex plans. NASL continues to remain a debt free company with reliance only on non fund based limits for its operations. Additionally the ratings continue to draw comfort from NASL's established operational track record and the company's strong operational and financial linkages with its parent entities – NTPC Limited and Alstom Power Systems GmbH<sup>#</sup>, which provide technological advantage and cost competitiveness, in securing and executing projects.

However the ratings are constrained by concentration of the existing order book on a few large sized projects. Any delay in execution can result in slowdown in revenue generation and impact the company's profitability, given the thin margins in the business and a degree of operating leverage. Also the company remains vulnerable to any slowdown in demand from power generation sector; amid high competition from domestic as well as international rehabilitation, renovation and modernization (R&M) providers/equipment manufacturers. Going forward, steady execution of the pending order book, addition of new projects, and timely recovery of receivables will remain the key rating sensitivities.

### Company Profile

NTPC - ALSTOM Power Services Private Limited (NASL) is a joint venture company formed through the partnership of two leading companies in the power sector, namely NTPC Ltd., India and ALSTOM Power Systems GmbH<sup>3</sup>. Both the JV partners currently hold 50% stake each in the company. NASL was incorporated in September 1999 and commenced operations in April 2000 and is engaged in providing R&M services and related operation & maintenance services to power plants in India. The company also provides others related services such as residual life assessment (RLA), plant life extension studies, performance improvement and upgrading studies, steam path audit (SPA) etc. The company has executed several projects for customers like NTPC Limited, Jharkhand State Electricity Board (JSEB), MP Power Generating Company Ltd. (MPPGCL) etc. in the past.

### Recent Results

In FY2016, NASL reported operating income of Rs. 118.26 crore and profit after tax of Rs. 2.36 crore against an operating income of Rs 66.62 crore and profit after tax of Rs 2.62 crore in FY2015.

**September 2016**

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

<sup>#3</sup> The power business of Alstom has been taken over by General Electric Company (GE)



*For further details, please contact:*

*Analyst Contacts:*

**Mr. Sabyasachi Majumdar** (Tel. No. +91 124 4545304)  
sabyasachi@icraindia.com

**Mr. Deepak Jotwani** (Tel. No. +91-124-4545870)  
deepak.jotwani@icraindia.com

**Mrs. Pragya Bansal** (Tel. No. +91-124-4545383)  
pragya.bansal@icraindia.com

**Mr. Harsh Jagnani** (Tel. No. +91-124-4545394)  
harshj@icraindia.com

*Relationship Contacts:*

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved  
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500