



Athena Energy Ventures Private Limited

Instruments	Rating
	Sep 2012
Rs 100 crore Long & short Term Non Fund Based Limits	[ICRA]BB (Stable)/[ICRA]A4 (downgraded from [ICRA]BBB- & [ICRA]A3)

ICRA has revised the ratings to the Rs. 100 crore long term and short term non fund based limits of Athena Energy Ventures Private Limited (AEVPL)[†] from [ICRA]BBB- (pronounced as ICRA triple B minus) to [ICRA]BB (pronounced as ICRA double B) and from [ICRA]A3 (pronounced as ICRA A three) to [ICRA]A4 (pronounced as ICRA A four). The outlook for the long term rating is Stable.

The rating revision takes into account significant delays being experienced by power projects being implemented in two of the SPVs in which AEVPL is one of the holding companies. While the 1320 MW Kakrapalli thermal power project in Andhra Pradesh being implemented by East Coast Energy Private Limited (ECEPL- rated ICRA B+) has been delayed by 14-15 months pursuant to temporary work suspension orders by Ministry of Environment and Forests (MoEF) on a couple of occasions, the 1750 MW Lower Demwe Hydro Electric project (HEP) being implemented by Athena Demwe Power Private Limited has been delayed because of considerable delays in receipt of Forest clearance from MoEF, although the stage II forest clearance is underway. These delays may result in cost overruns which AEVPL may have to fund; further delays in implementations will also result in delays in economic returns (by way of dividend or appreciation of investment value) accruing to AEVPL. The ratings also continue to be constrained by the fact that AEVPL has till date brought in only ~26% of the total equity that it has to mobilize in its projects under implementation. Further, given the early stage of implementation of the planned projects and limited past experience in executing large sized power and coal mining projects, AEVPL as a holding company of the Athena group is exposed to considerable execution risks. The long term rating also continue to be constrained by the company's current status as a 'holding' company with limited income streams and the exposure to risks inherent in the green-field projects being executed by the SPVs given that AEVPL will be required to provide guarantees for time and cost overruns.

The ratings are however supported by low off take risks for the projects being implemented given continuance of power deficit scenario in the country & AEVPL's balanced portfolio of power projects in terms of mix of fuel as well as location. The ratings also favorably factor in managerial execution strengths of the Athena group as demonstrated by adequate progress in achieving various milestones (including regulatory clearances, fuel tie-ups and power off take arrangements) for comparatively large sized power projects. The ratings also continue to draw strength from significant progress made in debt tie ups for its ongoing power projects, with all three ongoing projects having achieved financial closure. Also, support extended by Power Trading Corporation and IDFC as investors (both at the holding company and special purpose vehicles (SPV) level) is a source of comfort. Further infusion of IFCI Limited as an investor in AEVPL (equity commitment of Rs 175 crore) and satisfactory progress on the Singhitari thermal power project in Chhattisgarh (being implemented by Athena Chhattisgarh Power Limited) also support the ratings. ICRA understands that AEVPL is not looking at leveraging its balance sheet for funding its equity commitments to the various SPVs. Going forward, AEVPL's ability to tie up the required equity funding and maintaining its capital structure while funding growth would be key rating drivers.

Company Profile

Athena Energy Ventures Private Limited (AEVPL) was incorporated as a Joint venture company in March 2007 between AIP Power Private Limited (AIPPL) (formerly known as Athena Infraprojects Private Limited) and PTC India Limited (PTC). In September 2007, Industrial Development Finance Company (IDFC) acquired a stake in the company. Currently, 66% of the equity is held by Athena Group (0.09% by Athena Projects Private Limited and 65.9% by AIP Power Private Limited), 18% by PTC, 10% by IFCI Limited and the remaining 6% by IDFC.

[†] For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications



AEVPL was formed to capitalize on the emerging opportunities in the Indian power sector and has since focused its strategy on the private sector power development market, providing development, operation and maintenance services. With continued power deficits across the country and favourable prospects for the power generation segment after the enactment of the Electricity Act in June 2003, the Athena group has identified this segment as a major thrust area.

AEVPL is engaged in providing project development support and making initial equity investments in a portfolio of power generation projects that will have a cumulative capacity of nearly 7,000 MW in the long term. The present domain of AEVPL's operations covers hydropower and thermal power generation projects.

AEVPL is engaged in developing 'three' projects with cumulative capacity of about 6,800 MW, two of them based on coal [domestic/imported], and the third one being a hydel based power plant, comprising

- 1) 2640 MW project at Kakrapalli, Andhra Pradesh,
- 2) 1200 MW at Singhitari, Chhattisgarh; &
- 3) 3000 MW at Demwe, Arunachal Pradesh

In coming years, AEVPL plans to diversify its portfolio further by entering into other segments of the energy delivery chain including Renovation and Modernisation (R&M) of power projects, electricity transmission and distribution, fuel supply infrastructure including storage, pipelines and associated logistics infrastructure like ports and railheads.

As on 31st March 2012, the paid up equity of AEVPL amounted to Rs 833 crore. The total investments amounted to Rs 789 crore and cash & cash equivalents stood at Rs 2.92 crore.

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