

TPL / 488

14th December, 2015

To,

To, Corporate Relationship Department BSE Limited, 14 th Floor, P. J. Towers, Dalal Street, Fort, Mumbai-400001 SCRIP CODE: 532779	To, Listing Department National Stock Exchange of India Limited "Exchange Plaza", C – 1, Block G Bandra- Kurla Complex, Bandra (East), Mumbai 400051 SCRIP SYMBOL: TORNTPOWER
--	--

Dear Sirs,

Reg: Revision in Credit rating for debt programme and bank facilities of Torrent Power Limited by CRISIL

Ref: Regulation 30 read with Para A of Part A of Schedule III to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

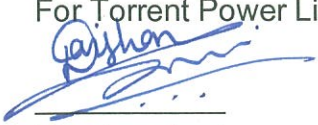
CRISIL has revised the credit rating for the debt programmes and bank facilities of the Company as follows:

Long Term Rating	CRISIL AA-/Stable (from 'CRISIL AA/Watch Negative')
Short Term Rating	CRISIL A1+ (from 'CRISIL A1+/Watch Negative')

The Rationale for the same as given by CRISIL is attached herewith.

Kindly take the same on record.

Yours faithfully,
For Torrent Power Limited


Darshan Soni
Company Secretary





Rating Rationale

December 11, 2015
Mumbai

Torrent Power Limited

Rating downgraded to 'CRISIL AA-/Stable' ; Ratings removed from 'watch negative'

Total Bank Loan Facilities Rated	Rs.120000 Million (Enhanced from Rs.67000 Million)
Long Term Rating	CRISIL AA-/Stable (Downgraded from 'CRISIL AA'; Removed from 'Rating Watch with Negative Implications')
Short Term Rating	CRISIL A1+ (Reaffirmed; Removed from 'Rating Watch with Negative Implications')
<i>(Refer to Annexure 1 for Facility-wise details)</i>	
Rs.3.0 Billion Non-Convertible Debentures	CRISIL AA-/Stable (Downgraded from 'CRISIL AA'; Removed from 'Rating Watch with Negative Implications')
Rs.2.0 Billion Non-Convertible Debentures	CRISIL AA-/Stable (Downgraded from 'CRISIL AA'; Removed from 'Rating Watch with Negative Implications')
Rs.1.75 Billion Non-Convertible Debentures	CRISIL AA-/Stable (Downgraded from 'CRISIL AA'; Removed from 'Rating Watch with Negative Implications')
Rs.1.75 Billion Non-Convertible Debentures	CRISIL AA-/Stable (Downgraded from 'CRISIL AA'; Removed from 'Rating Watch with Negative Implications')
Rs.1.5 Billion Commercial Paper Programme	CRISIL A1+ (Reaffirmed; Removed from 'Rating Watch with Negative Implications')

CRISIL has removed its ratings on the debt programmes and bank facilities of Torrent Power Ltd (TPL) from 'Watch with Negative Implications'. The long-term rating has been downgraded to 'CRISIL AA-/Stable' from 'CRISIL AA', while the short-term rating has been reaffirmed at 'CRISIL A1+'.

CRISIL had placed the ratings on watch in May 2014, following TPL's announcement of amalgamation of Torrent Energy Ltd (TEL) and Torrent Cables Ltd (TCL) with itself. The ratings were kept on watch in order to better understand the implications of the scheme of amalgamation and the re-organization of the consolidated long term financial arrangements. In October 2015, TPL announced the completion of the amalgamation. Based on the discussion with the management, CRISIL has also obtained clarity on TPL's plans of re-organising its amalgamated financial arrangements with longer repayment tenor. Hence, the ratings have been removed from rating watch.

The downgrade reflects deterioration in TPL's business and financial risk profile following the amalgamation. TEL operates 1196.85-megawatt (MW) gas-based power project at Dahej, Gujarat (DGEN) which had been stranded because of non-availability of gas. With the amalgamation, DGEN's Rs.38 billion debt has moved to TPL without commensurate cash flows. TPL's debt increased to Rs.82 billion (on an amalgamated basis) as on September 30, 2015 from debt of Rs.48 billion (on a standalone basis), thereby deteriorating its gearing and debt protection metrics.

Furthermore, after the amalgamation, TPL's business risk profile has weakened because of the lack of approved power purchase agreements (PPAs) for DGEN. DGEN has been allocated gas between June 2015 and April 2016, under the e-bid RLNG scheme by Ministry of Power, Government of India. This has enabled it to cover part of its debt servicing in 2015-16, through its cash flows. Favourable outlook for RLNG prices and an expected gradual increase in natural gas production could enable DGEN to produce cost competitive power that would offset off-take risks and would improve the long term viability of the project. However, uncertainties remain in the extent and timing in which these aspects would materialise. Thus the significant portion of capital employed in DGEN constrains TPL's overall credit profile.

In 2015-16, TPL's cash flows are expected to be higher than in previous years driven by tariff hikes in its Ahmedabad and Surat distribution business, which has enabled part recovery of past regulatory gap and cash flows from its stranded plants - SUGEN-40 and DGEN - under the e-bid RLNG scheme. Over the medium term, the company's ability to maintain the profitability at the current levels will be contingent on the regulator allowing recovery of past under recoveries in the distribution business and its ability to continue to competitively bid and receive gas allocation under the e-bid RLNG scheme or any similar schemes.

The ratings continue to reflect TPL's stable cash flows from its businesses with a regulated tariff structure, including power distribution in Gujarat and power generation in its AMGEN and SUGEN plants. These strengths are partially offset by exposure to fuel availability risks in its gas plants and offtake risks for SUGEN-40 and DGEN.

For arriving at its ratings, CRISIL has combined the business and financial risk profiles of TPL and its subsidiary, Torrent Solargen Ltd (TSL). This is because of the strong business and financial linkages between the two companies, together referred to herein as TPL.

TPL has a strong market position as a sole distribution licensee for Ahmedabad, Gandhinagar, and Surat (all in Gujarat). Further, TPL has demonstrated strong operational efficiency with lowest transmission and distribution (T&D) losses in India - 7.34 per cent for Ahmedabad and 4.89 per cent for Surat in 2014-15. Furthermore, TPL has an urban-centric and diversified customer base, which enables the company to report high collection efficiency of nearly 100 per cent in Ahmedabad and Surat. Given its extensive experience in the distribution business, CRISIL believes that TPL's aggregate technical & commercial losses is likely to remain stable in its distribution circles. Hence, TPL will continue to benefit from stable cash flows of its distribution business backed by regulated nature of its tariff structure and its high operating efficiencies. Further, TPL also draws its strength from the stable cash flows through regulated tariff structure and strong operational performance in its generation capacities of AMGEN (422 MW) and SUGEN (1147.5 MW).

These strengths are partially offset by low fuel availability for its gas based plants, specifically SUGEN-40 and DGEN. Both plants were stranded till May 2015 due to non-availability of gas. These plants are expected to benefit from the e-bid RLNG scheme till March 2017, however these plant remain vulnerable to long term fuel supply risks. Fuel availability risks lead to offtake risks for these plants. In the case of SUGEN-40, TPL has filed a petition with Gujarat Electricity Regulatory Commission (GERC) for adoption of tariff based on Central Electricity Regulatory Commission's (CERC's) approval of project capital cost, and fixed cost recovery. The order on this petition is pending with GERC. Furthermore, PPAs of DGEN are yet to be approved by the regulators resulting in offtake risks.

Outlook: Stable

CRISIL believes TPL's strong cash flows from its regulated businesses and its healthy financial risk profile, will continue to partially offset the risks of reduced cash flows from SUGEN-40 and DGEN over the medium term. The outlook may be revised to 'Positive', in case of improvement in cash flows from DGEN, enabling it to meet its debt servicing. Conversely, the outlook may be revised to 'Negative' if offtake risks remain high for DGEN and if there is further delay in tariff adoption for SUGEN-40, or higher than expected capital expenditure or debt funded acquisitions deteriorating TPL's financial risk profile.

About the Company

TPL is engaged in the power generation and distribution business, mainly in Ahmedabad, Gandhinagar, and Surat, and is the distribution franchisee for Bhiwandi and Agra. TPL's power generation plants are in Sabarmati (422-MW coal-based station) in Ahmedabad; and Surat (1147.5-MW gas-based Sugan plant with 382.5-MW expansion) and Jamnagar (49.6-MW wind power plant at Lalpur). Previously, TCL was a group company engaged in cable manufacturing and supply; it is currently merged with TPL. TPL, through its subsidiary Torrent Solargen Ltd has setup a 51 MW solar project in Gujarat and is executing a 100.8 MW wind project in Gujarat.

TPL, on a consolidated basis, reported a net profit of Rs.3.63 billion on net sales of Rs.103.96 billion for 2014-15, compared with a net profit of Rs.1.07 billion on net sales of Rs.86.81 billion for 2013-14. For the six months ended September 2015, TPL on a consolidated basis, reported a net profit of Rs.4.68 billion on net sales of Rs.61.81 billion, compared with a net profit of Rs.1.10 billion on net sales of Rs.52.64 billion during the same period.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Cash Credit	8500	CRISIL AA-/Stable	Cash Credit@	8500	CRISIL AA-/Watch Negative
Letter of credit & Bank Guarantee	22750	CRISIL A1+	Letter of credit & Bank Guarantee	18000	CRISIL A1+/Watch Negative
Proposed Letter of Credit & Bank Guarantee	1000	CRISIL A1+	Proposed Letter of Credit & Bank Guarantee	1000	CRISIL A1+/Watch Negative
Proposed Term Loan	17524	CRISIL AA-/Stable	Proposed Long Term Bank Loan Facility	966	CRISIL AA-/Watch Negative
Term Loan	70226	CRISIL AA-/Stable	Term Loan	38534	CRISIL AA-/Watch Negative
Total	120000	--	Total	67000	--

@ Rs.8.50 billion is interchangeable with Non Fund Based facilities

Media Contacts
Tanuja Abhinandan

Analytical Contacts
Sudip Sural

Customer Service Helpdesk
Timings: 10.00 am TO 7.00 pm

12/14/2015

: CRISIL Ratings :

Media Relations
CRISIL Limited
Phone: +91 22 3342 1818
Email: tanuja.abhinandan@crisil.com

Senior Director - CRISIL Ratings
Phone: +91 124 672 2000
Email: sudip.sural@crisil.com

Toll free Number: 1800 267 1301
Email: CRISILratingdesk@crisil.com

Jyoti Parmar
Media Relations
CRISIL Limited
Phone: +91 22 3342 1835
E-mail: jyoti.parmar@crisil.com

Manish Kumar Gupta
Director - CRISIL Ratings
Phone: +91 124 672 2000
Email: manish.gupta@crisil.com

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

About CRISIL

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Ratings

CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We pioneered a globally unique rating service for Small and Medium Enterprises (SMEs). We have significantly extended the accessibility to rating services to a wider market.

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of McGraw Hill Financial you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view McGraw Hill Financial's Customer Privacy Policy at <http://www.mhfi.com/privacy>.

Last updated: August, 2014

DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Rating are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL rating contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, www.crisil.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about CRISIL ratings are available here: www.crisilratings.com.

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports.

CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence

and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlighted-policy.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL.

All rights reserved @ CRISIL

December 11, 2015

<http://www.crisil.com>

Stay Connected | [CRISIL Website](#) | [Twitter](#)  | [LinkedIn](#)  | [YouTube](#)  | [Facebook](#) 

CRISIL has revised its rating symbols and definitions with effect from July 11, 2011, to comply with the SEBI circular, 'Standardisation of Rating Symbols and Definitions'. The revised rating symbols carry the prefix, 'CRISIL'. The rating symbols for short-term instruments have been revised to 'CRISIL A1', 'CRISIL A2', 'CRISIL A3', 'CRISIL A4', and 'CRISIL D' from the earlier 'P1', 'P2', 'P3', 'P4', and 'P5', respectively. The revision in the rating symbols and definitions is not to be construed as a change in the ratings. For details on revised rating symbols and definitions, please refer to the document, 'Revision of Rating Symbols and Definitions', at the link, <http://www.crisil.com/ratings/credit-rating-scale.html>