Beta Wind Farm Private Limited

March 01, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	904.00 (Enhanced from 896.91)	CARE D (Single D)	Reaffirmed
Total Bank Facilities	**904.00 (Rs. Nine Hundred Four Crore Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Beta Wind Farm Private Limited (BWF) factors in the instances of delays in servicing debt obligations.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- *Satisfactory track record of timely servicing of debt obligations on sustained basis.*
- *Sustained improvement in operational and financial performance.*

Detailed description of the key rating drivers

Key Rating Weaknesses

Instances of delays in debt servicing

BWF has reported delays in debt servicing on account of stretched liquidity position arising largely due to elongation of receivables from A.P Discom.

FY20 performance continues to be weak

During FY20, the company generated total income of Rs.238 crore as against Rs.235 crore during FY19, the marginal increase in the total income can be attributed to the increase in REC (Renewable Energy Certificates) Income while power sales declined by 4.3% owing to lower generation.

The company reported net loss of Rs.10 crore in F20 as against the net loss of Rs.30 crore in FY19, due to lower depreciation and interest expenses. PBILDT margin of the company stood at 74.68% in FY20 as compared to 75.85% in FY19. For FY20, GCA stood at Rs.37 crore. As on March 31, 2020, the company's receivables stood at Rs.56.7 crore as against Rs. 66.1 crore as on March 31, 2019.

Seasonality associated with wind generation

Wind farms are exposed to inherent risk of climate fluctuations leading to variations in the wind patterns which affects the PLF. Generally, the wind farms enjoy higher PLF during May to September period (Monsoon period), whereas the PLF is relatively low during the other seasons. During the off-season stretching from October to April, wind generation dips significantly impacting the cash flows.

Covid-19 impact:

The company's windmills remained operational during the nationwide lockdown period during March-June 2020, as it is under essential services category and there was no disruption on its power generation and export. However, group captive customers' off-take stood lower during H1FY21 due to lockdown. Given the same, there has been increase in banking of energy during the said period. The company had availed moratorium from all the lenders for the period March 2020 to August 2020.

Key Rating Strengths

Established presence of OGPL in renewable energy segment

BWF is a subsidiary of Orient Green Power Company Limited (OGPL). OGPL's promoter is SVL Limited (formerly known as Shriram Industrial Holdings Limited). As of March 2020, OGPL had a portfolio of operational wind capacity of 425 MW. For FY20, OGPL reported PAT of Rs.19.9 crore (PY: loss of Rs.48.6 crore) on a total income of Rs.388.6 crore (PY: Rs.370.2 crore).

BWF has been supported by the group companies in terms of funding requirements in the past. As on March 31, 2020, the total loans and advances from the group companies stood at Rs. 864.23 crore. Similarly, BWF has also provided loans to group companies (Rs.118.65 crore as on March 31, 2020).

Industry Outlook

There is increased thrust from government for improving the share of renewable power in India's overall power mix which is reflected from various policy initiatives. There had been muted wind power generation capacity additions during FY19 and FY20 on the back of migration from Feed-in-Tariff (FiT)-based model to reverse auction-based tariff discovery model. However, looking at the already allotted capacity and government's push for achieving targeted capacity of 60 GW by end FY22, capacity additions are likely to improve in next two to three years. Wind power projects benefit from established technology, improved

generation from technological advancements, faster and modular nature of implementation, stable long-term revenue visibility with long-term off-take arrangements at a fixed tariff, minimal O&M requirements, tariffs comparable with conventional power generation, must run status of wind power projects and favorable amendments in bidding guidelines for IPPs. However, there are concerns like increased difficulties in land acquisition, inadequate grid connectivity on account of poor evacuation infrastructure, backing down of the projects by few state Discoms, weak credit profile of WTG manufacturers, regulatory haze in terms of renegotiation of tariff in concluded PPAs and cancellation of concluded auctions, weak financial risk profile of Discoms with significant delays in payment by few state Discoms, increased difficulties in debt tie-up and inherent risk of variation in wind patterns. Overall, positive and negative developments in the sector counterbalance each other, thereby resulting in a stable outlook. Going forward key monitorables would be developments in claim of off-takers for renegotiation of PPAs, payment pattern of off-takers, financial health of WTG manufacturers and regulatory stance of respective state and central government and adoption of wind forecasting techniques to objectively determine optimal scheduling of wind power, thereby minimizing grid back downs.

Liquidity indicator: Poor

Poor liquidity marked by lower accruals when compared to repayment obligations fully utilized limits and modest cash balance. The company had cash and bank balance of Rs.0.42 crore as on March 31, 2020.

Analytical approach: Standalone

Applicable Criteria:

Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology - Infrastructure Sector Ratings
Rating Methodology - Wind Power Projects
Financial ratios (Non-Financial Sector)
Liquidity Analysis of Non-Financial Sector Entities

About the Company

Beta Wind Farm Private Ltd. (BWF), a project SPV, was incorporated for setting up of wind farm under the Group Captive Power Plant Policy in the state of Tamil Nadu. The company has subsequently expanded to other states namely, Gujarat, Karnataka and Andhra Pradesh. BWF is a subsidiary of Orient Green Power Company Limited, which is holding 74% stake and the remaining 26% held by various group captive consumers. The company sells power generated, to discoms like Andhra Pradesh discom (Central power Distribution Company of Andhra Pradesh Limited) and Gujarat discom (Gujarat Urja Vikas Nigam Limited) and to captive customers. The company's wind assets currently aggregate to 242 MW as on December 31, 2020.

Brief Financials **(Rs. Crore)**

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	235	238
PBILDT	179	178
PAT	(30)	(10)
Overall gearing (times)	NM	NM
Interest coverage (times)	1.33	1.39

A: Audited; NM: Not meaningful

Status of non-cooperation with previous CRA: Brickwork Ratings has suspended its rating vide press release dated 18 Feb 2015 on account of its inability to carry out rating review as company has not shared information.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities –update

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	June 2035	881.97	CARE D
Fund-based - LT-Cash Credit	-	-	-	22.03	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	-	-	-	-	-	-	-
2.	Fund-based - LT-Cash Credit	-	-	-	-	-	-	-
3.	Fund-based - LT-External Commercial Borrowings	-	-	-	-	-	-	-
4.	Fund-based - LT-Term Loan	LT	881.97	CARE D	-	1)CARE D (06-Jan-20)	1)CARE D (22-Mar-19)	1)CARE D (30-Mar-18) 2)CARE D (04-Jul-17)
5.	Fund-based - LT-Cash Credit	LT	22.03	CARE D	-	1)CARE D (06-Jan-20)	1)CARE D (22-Mar-19)	1)CARE D (30-Mar-18) 2)CARE D (04-Jul-17)

Annexure-3: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

Note on complexity levels of the rated instrument: *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.*

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