

Bindu Vayu Urja Private Limited

March 06, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	2,152.15 (Reduced from 2,312.00)	CARE BBB (RWP)	Continues to be on Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

*The above rating is based on the co-borrower structure between Bindu Vayu Urja Private Limited (BVUPL) and four other SPVs of Mytrah Group (i.e., Mytrah Vayu (Krishna) Private Limited, Mytrah Vayu (Manjira) Private Limited, Mytrah Vayu Urja Private Limited and Mytrah Vayu (Pennar) Private Limited). They collectively would be referred as BVUPL restricted group.

Rationale and key rating drivers

CARE Ratings Ltd. has placed the ratings of Bindu Vayu Urja Private Limited-Restricted Group (RG) on 'Rating watch with Positive implications' on account of impending change in management and 100% acquisition in shareholding by JSW Energy Limited subject to regulatory approvals and expected infusion of liquidity & refinancing of existing high-cost debt by JSW Energy Limited. CARE Ratings Ltd would continue to monitor the situation and will further evaluate the impact of developments on the credit quality post-completion of the acquisition.

The reaffirmation of the ratings assigned to the bank facilities of Bindu Vayu Urja Private Limited - RG continues to consider the experience of promoters in renewable energy sector, long track record of operations, geographically diversified off takers, long term Power Purchase Agreements (PPAs), fixed Operations & Maintenance agreement, eligibility for generation based incentive (GBI) for 444.10 MW from Indian Renewable Energy Development Agency Limited (IREDA), improvement in Plant Load Factor (PLF) levels in FY22 resulting in improved financial risk profile, presence of Trust and Retention Account (TRA) with structured payment mechanism for the debt servicing with defined waterfall and financial covenants and an adequate liquidity position with maintenance of Debt Service Reserve Account (DSRA) and fall back mechanism in the form of working capital lines covering about 4 months receivables and stable industry outlook . The rating also takes into account the resolution of ongoing dispute with Andhra Pradesh DISCOM leading to receipt of payments based on original tariff rates as per PPA, stable financial profile in 9MFY23. However, the ratings remain constrained by stretched collection days albeit improvement witnessed in current fiscal, moderate counterparty credit risk, moderate capital structure and debt coverage metrics with absence of tail period, exposure to variation in wind conditions, supply of WTGs and O&M arrangements with companies having weak credit profile and advances given to Mytrah Energy (India) Private Limited (MEIPL).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- PLF levels greater than P-90 levels on a sustainable basis
- Improvement in collections with timely receipt of payments from Discoms on a sustained basis

Negative factors

- Delay in payments from all Discoms for more than 8 months on a sustainable basis, adversely impacting the cash flow position
- Operation of the plant at a sub-optimal PLF thereby impacting the revenue and profit
- Average DSCR lower than 1.1x for the remaining tenure of the loan

Analytical approach: The combined financials of 5 SPVs have been considered for the purpose of analysis. As per terms of Rupee Loan Agreement, all the entities shall be jointly and severally liable to repay the Rupee Term Loan and amounts along with Interest and other dues thereon to the Lenders. The list of SPVs whose financials have been combined are as below:

1. Bindu Vayu Urja Private Limited (BVUPL)
2. Mytrah Vayu (Krishna) Private Limited (MVKPL)
3. Mytrah Vayu (Manjira) Private Limited (MVMPL)
4. Mytrah Vayu Urja Private Limited (MVUPL)
5. Mytrah Vayu (Pennar) Private Limited (MVPPL)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key strengths

Experienced promoters with established track record in renewable sector, albeit weak credit profile

Bindu Vayu Urja Pvt. Ltd. and other SPVs belongs to Mytrah Group, a leading Independent Power Producer (IPP) in the renewable energy segment. These SPVs are wholly owned subsidiary of Mytrah Energy (India) Private Limited (MEIPL) has significant experience in operating and developing solar and wind power projects. MEIPL is 99.99% held by Bindu Vayu (Mauritius) Ltd, which in-turn is held by Mytrah Energy Limited (MEL), Guernsey. MEL was formerly listed on Alternative Investment Market (AIM) - a sub market of London Stock Exchange. The Raksha Trust along with its subsidiary, Raksha Energy Holdings Limited, Guernsey own approx. 93% shareholding in MEL, with balance 7% held by public. Due to the weak credit profile of MEIPL, no comfort is derived from parent entity in supporting Bindu Vayu Urja Private Limited.

Improved financial performance in FY22

The SPVs has collectively achieved a total operating income of Rs. 461.49 crores in FY22 (FY21: 368.35 crore) which is 25% higher than FY21 revenue. The increase in total operating income is on account of higher wind density which lead to higher PLF. However, the SPVs have witnessed fluctuating PLF in the last three years with some project sites operating at P-90 levels, whereas others registering lower generation on account of wind density issues. Hence, the revenue has also been fluctuating in line with the same. Collectively, operating profit improved to Rs. 373.55 crore in FY22 (FY21: 277.93 Crore) with improvement in operating margin by 549 bps to 80.94% in FY22 from 75.45% in FY21 primarily due to increase in TOI lead by higher PLF. Further, due to high capital charge (both depreciation cost & interest expense) has resulted in net loss but the net loss is narrowed down to Rs. 42.77 crore in FY22 (FY21: 141.52 crore). In 9MFY23, the company has achieved revenue of Rs. 373.36 crore with operating profit of Rs. 305.19 crore and Net Loss of Rs. 1.96 crore.

Long term Power Purchase Agreements with low off-take risk

BVUPL (RG) has tied up its entire power offtake with various discoms and industrial consumers. The total offtake capacity of all the SPVs is 553.80 MW out of which 453.30 MW (81.85%) has been tied-up with discoms namely Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL), Jodhpur Vidyut Vitran Nigam Limited (JoVVNL), Ajmer Vidyut Vitran Nigam Limited (AVVNL), Bangalore Electricity Supply Company Limited (BESCOM), Gujarat Urja Vikas Nigam Limited (GUVNL), Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) and the remaining of 100.50 MW is directly sold to more than 50 Industrial consumers on short-term agreements. Given the entire off-take with a multiple distribution utility and industrial consumers, the SPVs collectively had to face lower offtake risk.

Long track record of operations

Most of the SPVs have commenced operations since FY12 and have track record of weighted average of 10.04 years. However, the average PLF levels has been lower than the P90 levels in last three years for most of the SPVs. During FY19, the company achieved average PLF of around 21.30% which reduced to 19.80% during FY20 and again reduced to 16.22% mainly due to lower wind density faced across various wind power projects, particularly in mid of wind season (July - September). However, in FY22 the PLF is increased to 20.47% due to increase in wind density. This apart, the PLF for 9MFY23 stands at 21.79% which is close to average P-90 level i.e. 22.55%. However, the PLF is on higher side due to wind season. Hence, for the entire FY23 the PLF will remain below P-90 level.

Eligibility for generation-based incentive (GBI) for entire capacity from IREDA

The SPVs are eligible for generation-based incentives (GBIs) under Indian Renewable Energy Development Agency [IREDA rated CARE AA+; Positive]. The SPVs collectively has registered for 444.10 MW capacity for GBI. As per GBI, Govt. of India will provide an incentive of Rs.0.50 per kWh with a cap of Rs.1.00 crore per MW of electricity generated by wind projects registered under the scheme. The duration of the incentive will not be less than 4 years and not more than 10 years. The above-mentioned incentive is over and above tariff approved by State Electricity Regulation Commission (SERC). The SPVs receive GBI on half yearly basis. The SPVs has booked GBI for FY22 amounting to Rs.19.78 Cr against Rs.17.98 crore during FY21. As on December 31, 2022, the GBI receivable balance is at Rs.21.32 Cr.

Presence of TRA with structured payment mechanism along with restricted payments and maintenance of Debt Service Reserves Account (DSRA)

Each SPVs has its own Trust and Retention Account (TRA) which are collectively governed as a single Trust and Retention Account (TRA) maintained by the lead Banker i.e. State Bank of India. The TRA account follows the waterfall mechanism. The scheduled receivables are deposited into the SPVs revenue account and further utilized for expenses such as statutory dues, O&M expenses, debt servicing, appropriation towards DSRA account, major maintenance reserve, and other payments as approved by the banker. This apart, the lenders have stipulated maintenance of DSRA equivalent to 3 months of principal repayment, interest and other financing cost to the banker as stipulations in the common loan agreement throughout the tenor of the availed loans and the

same has been maintained by these SPVs. As on February 27, 2023, the SPVs collectively has DSRA maintained in the form of fixed deposits which are lien marked having value aggregating Rs.98 crore which covers more than 1 quarter debt servicing.

Stable Industry Outlook: India has an installed renewable capacity of around 110 GW (excluding large hydro) as on March 31, 2022, comprising solar power of 54 GW, wind power of 40 GW, small hydro of 5 GW and other sources including biomass of 11 GW. There has been a significant traction in solar power installations over the last few years and the cumulative solar power capacity has surpassed the installed wind power capacity, despite its late and slow start. The overall renewable energy installations have increased at a CAGR of 17% from FY16-FY22. Over the years, the renewable energy industry has benefitted on account of Government's strong policy support, India's large untapped potential, presence of creditworthy central nodal agencies as intermediary procurers and improvement in tariff competitiveness. Going forward, with India setting up an ambitious target of achieving 450-GW renewable capacity by 2030, the regulatory framework is expected to remain supportive. However, developers are expected to face challenges in the near term on account of rising cost of modules, turbines and other ancillary products along with imposition of basic custom duty on cells and modules from April 2022 onwards which is expected to drive up costs and result in increase in bid tariffs for new projects. This apart, challenges for acquisition of land and availability of transmission infrastructure also remains a key bottleneck. However, the Indian renewable industry continues to be a preferred investment alternative for both domestic as well as foreign investors and is expected to post robust growth going forward as well which results in CARE Ratings assigning a Stable outlook to the industry.

Key weaknesses

Exposure to variation in wind conditions

Wind power in India is highly seasonal, with the majority of generation taking place during the summer and monsoon season. The company's wind power operations are highly dependent on availability of strong winds. A significant proportion of wind energy generation (65-70%) takes place between April to October. During the off-season stretching from November to March, wind generation dips significantly contributing 30-35% of the wind generation.

Stretched collection days albeit improvement in current fiscal with moderate counterparty credit risk

The BVUPL (RG) have been facing delays in receipt of payment resulting in outstanding debtors to Rs.372 crore as on March 31,2022 (P.Y.E. Rs. 318 crore) which led to increase in collection days to 287 days as on March 31,2022 (P.Y.E. 261 days). However, the case against APSPDCL has come in favor of the company, hence from June 2022 the APSPDCL is paying the tariff as per the PPA agreement i.e. Rs.4.50-4.70 Kwh. As on December 31, 2022, the outstanding receivables stood at Rs. 339.39 crore (Including Late Payment Surcharge "LPS" amount of Rs.97.76 crore). Delays in receivables led to higher working capital utilization of about 76% for the past twelve month ended December 2022. The company has been receiving payments from discoms namely AVVNL, GUVNL, BESCO and captive customers on regular basis except few of them such as APSPDCL, MSEDCL thereby leading to moderate counter party credit risk. Further, the increase in debtors was also due to lower tariff being paid by APSPDCL at Rs.2.44 per Kwh then the agreed tariff price of Rs Rs.4.70-4.83 per Kwh. However, the court order is in favour of the company for the same. Hence, going forward the receivables position is expected to improve.

Supply of WTGs and O&M arrangements with reputed companies having weak credit profile

The SPVs have installed Suzlon, Gamesa, GE and Regen made Wind Turbine Generators (WTGs) having total capacity of 553.80 MW (384 WTGs ranging from 0.80 MW to 2.3 MW each). The SPVs have entered into an "Operation and Maintenance (O&M) Agreement" for all the projects. The Contractor provides both preventive and breakdown maintenance of the WTGs and related equipment including replacement of parts and components as required in case of breakdown/failures and to ensure the smooth operation of the wind power project. However, the contractors servicing a significant portion of the company's 553.80 MW have weak credit profiles.

Advances given to MEIPL

BVUPL continues to have exposure to MEIPL (holding company) by way of advance aggregating to Rs 619.63 crore outstanding as on March 31, 2022, which were given by way of zero-coupon deep discount bonds. As per the management, the overall capacity planned under BVUPL was on the higher side vis-à-vis executed and hence additional funds received from the holding company for the project was lying with the company. Hence, the same along with additional funds received during refinancing has been invested in MEIPL.

Moderate capital structure and debt coverage metrics with absence of tail period

The entities have been into power generation for about 8-9 years and hence the capital structure is relatively better vi-a-viz other renewable players having limited track record of operation. The company's moderate capital structure is marked by overall gearing

of 2.64x as on March 31,2022, which is marginally deteriorated from 2.62x as on March 31,2022 on account of reduction in net worth due to net loss. As on March 31,2022, the debt profile of the company comprised of term loan, cash credit, financial lease obligations and compulsory & full convertible preference shares of MVMPL. The company has sanctioned cash credit limit of Rs. 106.54 crore with average utilization of about 76% for past 12 months ended December 31, 2022. Higher working capital utilization is due to delay in receivables from various Discoms. The satisfactory debt coverage metrics like PBILDT Interest coverage ratio improved and stood at 1.68x as on FY22 (P.Y. 1.16x) and total debt/GCA ratio improved and stood at 12.90x as on March 31,2022 (P.Y.E. 39.06x). The improvement in debt coverage metrics is on account of increase in total operating income with profitability. This apart, the BVUPL (RG) does not have any tail period with debt tenure extending beyond the PPA tenor. This results in risk associated with tie-up of power and/or debt refinancing in a timely manner. With the power tariff prevailing at significantly low level vis-à-vis entered by the company with few of the discoms majorly MSEDCL; the ability to enter into PPA, post expiry, at favourable rates would be critical.

Liquidity: Adequate

Adequate liquidity is characterised by generation of gross cash accruals of Rs. 188.79 crore as against repayment of Rs.135.75 crore in FY23. This apart, the company has DSRA of around Rs.98 crore as on February 27, 2023 which covers 1 quarter debt repayment and have unutilised working capital limits of approx. Rs.30 crore as on December 31, 2022. The company has free cash and bank balance of Rs.16.90 crore as on December 31,2022. However, January to March is considered as low wind session, thus realisation of receivables on time is critical to meet the debt obligation of Rs.19.92 in Q4FY23. Any mismatch in the cash flow due to delay in receivables may lead to stress in liquidity. However, the company has unutilized Rs 30 crore of working capital limits and unallocated working capital limits (Rs 29.34 crore) of total estimated limits of Rs 185 crore within a period 2 to 3 months.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Power Generation Projects](#)

[Wind Power Projects](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry-BVUPL Restricted Group

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power Generation

The SPVs forming part of Bindu Vayu Urja Private Limited (BVUPL) Restricted Group are all wholly owned subsidiaries of Mytrah Energy (India) Private Limited. These SPVs are incorporated to generate and sell electricity from its wind farms mainly to state grids on long term basis except Mytrah Vayu (Manjira) Private Limited which sells power directly to Industrial consumers on short-term agreements. The total installed capacity of the obligors collectively are 553.80 MW spread across six states i.e. Tamil Nadu (18%), Rajasthan (21%), Gujarat (14%), Andhra Pradesh (20%), Maharashtra (10%) and Karnataka (17%)

BVUPL Restricted Group - Combined

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total operating income	368.35	461.49	373.36
PBILDT	277.93	373.55	305.19
PAT	-141.52	-42.77	-1.96
Overall gearing (times)	2.62	2.64	2.47
Interest coverage (times)	1.16	1.68	1.87

A: Audited; UA: Unaudited; Note: 'The above results are latest financial results available'

About the company - BVUPL

Bindu Vayu Urja Private Limited is a wholly owned subsidiary of Mytrah Energy (India) Private Limited. The company has 4 wind power projects located one each in Rajasthan, Gujarat and two in Maharashtra, together accounting for 179.7 MW capacity. All the projects have operational track record of over 9 years. The company sells power to state Discoms through PPA's.

BVUPL - Standalone

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)
Total operating income	137.98	168.41
PBILDT	103.85	136.75
PAT	-36.29	-0.07
Overall gearing (times)	1.20	1.13
Interest coverage (times)	1.51	2.12

A: Audited; Note: 'The above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	185.00	CARE BBB (RWP)
Fund-based - LT-Term Loan		-	-	March 2034	1967.15	CARE BBB (RWP)

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	1967.15	CARE BBB (RWP)	1)CARE BBB (RWP) (27-Dec-22) 2)CARE BBB (CW with Positive Implications) (22-Aug-22)	1)CARE BBB (CE); Negative (30-Nov-21)	1)CARE A-(CE); Stable (23-Oct-20)	-
2	Fund-based - LT-Cash Credit	LT	185.00	CARE BBB (RWP)	1)CARE BBB (RWP) (27-Dec-22) 2)CARE BBB (CW with Positive Implications) (22-Aug-22)	1)CARE BBB (CE); Negative (30-Nov-21)	1)CARE A-(CE); Stable (23-Oct-20)	-
3	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	1)Withdrawn (22-Aug-22)	1)CARE BBB (30-Nov-21)	1)CARE BBB+ (23-Oct-20)	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

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

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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