Atria Brindavan Power Private Limited

April 8, 2021

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	54.45 (Reduced from 59.67)	CARE BBB; Stable (Triple B; Outlook: Stable)	Reaffirmed
Total Bank Facilities	**54.45 (Rs. Fifty-Four Crore and Forty-Five Lakhs Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

While assigning rating to Atria Brindavan Power Private Limited (ABPPL), CARE has assessed the performance of all entities in which the company has made investments, apart from standalone credit profile of ABPPL.

The rating of bank facilities of ABPPL continues to derive strength from stable generation of 16MW hydro asset of the company for servicing the rated bank facility and maintenance of DSRA. On a consolidated basis, the rating positively factors in improved generation in FY20 though moderated in 10MFY21 due to low wind speed across many states. At overall level, group continues to maintain adequate liquidity position in form of cash and bank balance as well as maintenance of requisite DSRA across most of the projects. Certain SPVs like Atria Bijapur 2 Pvt Ltd, Atria Wind Power (Savarkundla) Pvt Ltd and Atria Solar Power (Chamarajnagar) P Ltd have witnessed healthy cash generation in past and up-streamed surplus cash to ABPPL. The rating also positively takes note of promoter's experience in running successful businesses including renewable power with successful project implementation track record, revenue visibility from long term PPAs with diversified off-takers and diversified portfolio. However, the rating is constrained by re-financing risk associated with non-convertible debentures raised by ABPPL, implementation risks associated with upcoming projects being planned by the company, future capex being partly dependent on capability to raise growth capital, stabilization and other project specific issues with some of the SPVs, and susceptibility of generation to climatic conditions.

Rating Sensitivities

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

- Ability of the group to upstream cashflows from the SPVs/ raise equity which provides visibility to refinance the NCDs

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Delay in refinancing plans of NCDs
- Decline in generation of underlying hydel asset or deterioration in liquidity profile by way of predominantly debt funded capex or support extended to weaker SPVs.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters with successful project implementation track record and large operational renewable assets:

Atria group was started by Mr. Chinnaswamy S Raju more than five decades ago and is into various industries like Hospitality, Real Estate, Education and Power. Atria group derives strength from its experienced promoters and management team. The present directors - Mr. Sunder Raju and K Nagaraju, have more than 30 years of experience each in Power sector. ABPPL is the flagship company of the Atria group and holds the group's renewable assets through various SPVs. ABPPL has continuously expanded capacity over the year with significant amount of projects becoming operational from FY17 onwards. ABPPL on a consolidated basis has 497.6 MW all of which are operational.

Improved performance of hydro assets of ABPPL and satisfactory generation on a consolidated level:

Generation during FY20 moderated to 45.7 MU from 59.4 MU achieved in FY19. Lower generation being attributed to damage to gear works of the machines. Generation has since improved to 56.4MU during 11MFY21. The cashflows from this asset continues to be escrowed and completely earmarked to the lender.

Meanwhile, EPC works (undertaken for group) stood reduced during FY20 leading to overall revenue booking at Rs. 69.61 cr vs Rs. 320.56 cr during FY19. In the absence of EPC profits and continuing corporate overheads and high accrued interest on NCD, ABPPL reported net losses during FY20. However, liquidity remained comfortable with recovery of advances and upstreamed cash balances from SPVs.

Group's project assets continue to perform satisfactorily. On consolidated basis, generation in FY20 improved to 1070 MUs from 956 MUs in FY19. The company's operating income recorded a revenue of Rs. 548 cr in FY20 compared to Rs. 491 cr in FY19 (PY: Rs.339 cr) supported by higher number of projects achieving stability. ABPPL majorly has wind assets and low wind speed across many states led to lower units generated (880 MUs) during 10MFY21 which is expected to result in lower revenue in the current fiscal.

Long-term revenue visibility with the long-term PPAs for operational capacity and diversified project portfolio:
On standalone basis, ABPPL has PPA with Chamundeshwari Electricity Supply Corporation Limited (CESCOM). On consolidated level, as on Dec 2020, ABPPL has operational projects having aggregate capacity of 497.6 MW. Operational capacity of the various SPVs is tied up under long term PPAs ranging between 10-25 years, at attractive tariffs, which provides long-term revenue visibility. The company has sourced WTGs/Solar panels from various reputed vendors. A significant portion of power is sold to state distribution utilities like Gujarat Urja Vikas Nigam Ltd (GUVNL), Tamil Nadu Generation & Distribution Corporation (TANGEDCO), M.P. Power Management Company Limited (MPPMCL), Bangalore Electricity Supply Company Limited (BESCOM), Chamundeshwari Electricity Supply Corporation Limited (CESCOM) etc, and therefore the SPVs are vulnerable to the credit risk associated with exposure to state distribution utilities. However, the company has been diversifying the off take risk by diversification in terms of DISCOM level, and also by tying up with corporates (under third party/group captive model). As on December 2020, 55.7% of total capacity is tied up with third parties or is under group captive model and a significant portion of the third party and group captive off-takers are reputed companies having a satisfactory credit profile.

Key Rating Weaknesses
Leveraged capital structure:
Excluding the NCD and associated interest cost, project assets maintain satisfactory debt covers. The 497.6MW project assets generate over 1000 MUs delivering Rs.500cr of income with debt/EBIDTA of 5.29x and debt/MW of 5.25x which compares favourably with peers.
Refinancing risk associated with the NCD
Currently only coupons are being serviced on the NCD, while the principal repayment is scheduled for FY23 (20%) and FY24 (80%). Company continues to actively look into raising equity and/or long term debt to refinance the NCD, timely refinancing is a key rating monitorable. So far, company has been able to upstream cashflow from subsidiaries to meet the debt servicing requirements of the NCD and maintains adequate cash balance to meet any exigencies.
Implementation and stabilization risk associated with ongoing projects
The projects to extent of 497.6 MW capacity of ABPPL are fully operational. However, potential 300MW of hybrid asset addition in existing SPVs is there for ABPPL for investment consideration. Solar rooftop projects are other investment option explored by the company. At the same time, such investments are expected to be met through deployment of excess cash balance at SPVs. Equity contribution from the holdco is expected to remain limited given the priority of NCD, until growth capital is raised.
Exposure to climatic conditions and technological risks
The wind projects are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns which affect the PLF. The wind farms enjoy higher PLF during the months of May to August (high wind season) while the period from September to November (low wind season) witness low PLFs. Wind projects are subject to loss in PLF owing to several meteorological phenomenon collectively called wind shear. Magnitude of loss due to wind shear depends on site surrounding ground cover, trees, topographic features such as hills and valleys. The PLF for the wind power generators are inherently low and may fluctuate depending upon the climate conditions. The power generation level of a solar power plant primarily depends upon factors like solar radiation levels, temperature and climatic conditions, losses in PV systems and transmissions efficiency of the design parameters of the plant and inverters installed, module aging and degradation etc. While losses in PV systems, design parameters, inverter efficiency and module degradation depend on the overall manufacturing pattern and technical soundness of the modules, solar irradiance levels and overall climatic conditions are beyond human control and thus have the potential to adversely affect the operational efficiency of a solar power plant.

Liquidity: Adequate
Liquidity position of the group continues to be healthy with free cash balances of Rs.143.22 Cr and Rs.161.7 Cr DSRA as on Dec 2020 (Rs. 184.55 Cr cash and bank balances as on Mar'20). The liquidity position is post the exit to Guayama PR Holdings B V during FY21.
On a standalone basis, ABPPL has free cash balance of Rs. 30.91 crore and 2Q DSRA of Rs. 8 crore as on Jan 31, 2021.
ABPPL has availed interest moratorium for Jun'20-Aug'20 months which was subsequently paid back while only principal payment for Jun'20 quarter has been shifted in repayment schedule.

Analytical approach:
Standalone along with assessment of company's investments in various renewable projects including evaluation of cash flow available from these SPVs for upstreaming and support required in other cases.

Applicable Criteria
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology – Infrastructure-Wind Power Projects
Rating Methodology - Power Generation Projects
Financial ratios – Non-Financial Sector
Rating Methodology - Factoring Linkages in Ratings
Liquidity Analysis- Non-Financials Sector
Investment Holding Companies

About the Company
Atria Brindavan Power Pvt Ltd (incorporated in December, 2000) is the ultimate holding company for the power assets of Atria Group. Founded by Mr. Chinnaswamy S Raju and Mr. K Nagaraju in 2000, ABPPL, besides holding assets in SPVs, directly holds two hydel projects (12 MW hydro based on the Vishweswaraiah canal and 4 MW based on the Cauvery river discharges). On a consolidated level, ABPPL has operational portfolio of 490.4 MW consisting of hydel (16MW), wind (374.4 MW) and solar (100 MW) at present.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	320.56	69.61
PBILDT	63.21	-6.18
PAT	-30.63	-90.78
Overall gearing (times)	1.98	2.86
Interest coverage (times)	0.73	NM

A: Audited, NM: Not Meaningful

Status of non-cooperation with previous CRA: Not Applicable
Any other information: Not Applicable
Rating History for last three years: Please refer Annexure-2
Covenants of rated instrument / facility: *Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3*
Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	March 2028	54.45	CARE BBB; Stable

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	LT	54.45	CARE BBB; Stable	1)CARE BBB; Stable (03-Apr-20)	1)CARE BBB (SO); Stable (04-Apr-19)	-	1)CARE BBB- (SO); Stable (14-Nov-17) 2)CARE BB+ (SO); Stable (28-Apr-17)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Name of the Instrument	Detailed explanation
A. Financial covenants	Not stipulated

B. Non financial covenants	Unsecured loan brought in relation to 16MW Hydro project to be subordinated to Bank's loan and not to be withdrawn during currency of Bank's loan DSRA equivalent to 2 Quarters interest and principal debt service obligations to be maintained.

Annexure 4: Complexity level of various instruments rated for this company

Sr No	Name of instrument	Complexity level
1	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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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