Beta Wind Farm Private Limited

April 07, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE B+; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE B+; Stable' [Single B Plus; Outlook: Stable] assigned to the bank facilities of Beta Wind Farm Private Limited (BWFL) with immediate effect. The above action has been taken at the request of BWFL and 'No Objection Certificate' received from the banks (consortium) that have extended the facilities rated by CARE Ratings Ltd.

Analytical approach: Standalone

Detailed description of the key rating drivers:

Key Rating Weaknesses

Delay in collections of receivables: BWF's collection period remains elevated due to the stretch in collections from AP Discom. The outstanding receivables from AP DISCOM as on June 30, 2022 was ₹ 101 crore. However, some momentum is seen in collection of these receivables from August 2022. AP has opted for EMI scheme, as declared by the Ministry of Power in its circular dated June 3, 2022, for clearing the past overdue within 12 months. In this regard, BWF has received ₹18 crore until October 05, 2022.

Moderation in operational performance: In recent years, due to reduced wind availability and malfunctioning of wind generators, generation levels have been significantly reduced, resulting in lower operating revenues. While in FY21 (refers to the period April 1 to March 31), lower power generation was due to lower wind availability, the reason for the same in FY22 and FY23 is attributed to stability issues in some of the machines. PLF has been reducing from 23% in FY18 to 19% in FY22. Sale of power to captive consumers and discoms have degrown from ₹ 222 crore to ₹167 crore in FY22.
In addition to captive consumers and Discoms, the company sells to power exchange generating a consistent revenue of about ₹25-₹30 crores every year (tariff rates are higher). However, there was delay in receipt of Renewable Energy Certificates (REC) in FY21, which led to lower revenues of about ₹172 crores in FY 2021. The same has been realized and accounted in FY22 and the total revenues surged to ₹ 220 crores in FY 2022.

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

Key Rating Strengths

Established presence in renewable energy segment: BWF is a subsidiary of Orient Green Power Company Limited (OGPL), a part of Shriram Group. As of March 2022, OGPL had a portfolio of operational wind capacity of 417 MW. For FY22, OGPL reported net loss of ₹ 21.73 crore (PY: ₹ 7.97 crore) on a total income of ₹ 29.78 crore (PY: ₹ 29.47 crore). On a consolidated basis, however, the company has made a profit of ₹ 35.78 crore in FY22 as against loss of ₹ 57.01 crore in FY21.

Group captive arrangement with established and reputed clientele: BWFL has group captive arrangement with the reputed clients in various industries for a total annual contract for 2898.71 lakh units. The customer mix under the group structure is moderately diversified with capacity tied up with automotive/automotive ancillary, Textile players, pharmaceuticals, information technology and industrials.

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

Liquidity: Stretched

The liquidity is stretched with low cash flow as against the repayment obligations. The company does not maintain one quarter DSRA and the lenders had last extended timeline for creation of DSRA up to March 2023. However, it is expected that upon receipt of AP Discoms for past dues and receipt of REC proceeds, the company would be able to meet its debt obligations.

Applicable criteria

Policy on default recognition
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Credit Watch
Infrastructure Sector Ratings
Wind Power Projects
Policy on Withdrawal of Ratings

About the company and industry

Industry classification

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

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 September 30, 2022 out of which 25.2 MW is for Gujarat, 50.4 MW is for APDISCOM, 1.25 MW for MESCOM and the rest is committed for Group Captive.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (Prov.)
Total operating income	172.48	220.65	NA
PBILDT	113.99	167.98	NA
PAT	-55.17	35.96	NA
Overall gearing (times)	NM	NM	NA
Interest coverage (times)	0.98	1.61	NA

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'; NA: Not Available

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: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	Sep 2033	0.00	Withdrawn

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 2023-2024	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
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*	-	-	-	1)CARE B+; Stable (09-Nov-22)	1)CARE D (17-Feb-22)	1)CARE D (01-Mar-21)
5	Fund-based - LT-Cash Credit	LT*	-	-	-	1)CARE B+; Stable (09-Nov-22)	1)CARE D (17-Feb-22)	1)CARE D (01-Mar-21)

*Long term

Annexure-3: Detailed explanation of 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 details

To 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

Media Contact	**Analytical Contacts**
Name: Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Name: Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: +91 44-2850 1001 E-mail: pradeep.kumar@careedge.in	Name: Sandeep P Director **CARE Ratings Limited** Phone: +91 44-2849 7812 E-mail: sandeep.prem@careedge.in Name: Parvathavardhini Natarajan Assistant Director **CARE Ratings Limited** Phone: +91-44-2850 1008 E-mail: p.natarajan@careedge.in Name: Bhargavi R Lead Analyst **CARE Ratings Limited** E-mail: bhargavi.r@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For the detailed Rationale Report and subscription information, please visit www.careedge.in