

T.P.S Wind Farm Private Limited

December 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	33.75	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The Rating assigned to the bank facilities of T.P.S Wind Farm Private Limited (TSPW) is constrained by small scale of the operations, weak capital structure and vulnerability of cashflows due to variations in weather conditions.

The rating derives strength from experienced promoters, favorable government policy environment for renewable energy sector and revenue visibility with medium term PPA under group captive mechanism.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations with income above Rs.20 crore on a sustained basis with successful completion of project
- Improvement in overall gearing below 3x

Negative factors

- Any termination of PPA agreement or inability of the company to tie-up customers for sale of power leading to stretched liquidity

Analytical approach: Standalone

Outlook: Stable

The stable outlook indicates the company is expected to sustain its operational performance from the sale of power with Power purchase agreements.

Detailed description of the key rating drivers:

Key weaknesses

Small scale of operations

The company has been engaged in generation and sale of power since FY21. The Total operating income (TOI) of the company is in the range of Rs. 2 crores to Rs. 10 crore for the past five years ending FY24. TPSW commissioned a solar panel of 8 MW capacity during March 2024 and 2 MW during April 2024. PPA agreement has been signed with customers for 3 to 5 years tenure for tariff of ₹6.5 to ₹7.5 per unit.

Weak capital structure

The capital structure of the company is weak marked by overall gearing ratio at 29.33x as on March 31, 2024 as against 2.46x as on March 31, 2023 at the back of term loan availed on Q4FY24 and Q1FY25 towards installation of 2 solar panels of aggregating to a capacity of 10 MW at Dharmapuri, Tamil Nadu. Apart from this the company had only unsecured loans of Rs. 11.03 crores from promoters as on March 31, 2024 which doesn't have a fixed repayment schedule and are interest free.

Vulnerability of cash flows to variation in weather conditions

The entity may book lesser revenues in the event of non-generation of power due to variation in weather conditions and/or equipment quality. This, in turn, would affect its cash flows and debt servicing ability.

Key strengths

Experienced promoters

Mr. T.P.S Sekar has been involved in blue metal through Suriya Blue Metals and T.P.S. Blue metals for over 20 years. He was also engaged in commercial construction and construction of roads and bridges since 2001.

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

Favorable government policy environment for renewable energy sector

India's wind energy sector is led by indigenous wind power industry and has shown consistent progress. The expansion of the wind industry has resulted in a strong ecosystem, project operation capabilities and manufacturing base of about 15000MW per annum. The country currently has the fourth highest wind installed capacity in the world. The Government is promoting wind power projects in entire country through private sector investment by providing various fiscal and financial incentives such as Accelerated Depreciation benefit, concessional custom duty exemption on certain components of wind electric generators.

Revenue visibility with medium term PPA under group captive mechanism

The company has medium term PPA agreements for its entire capacity of 14.3 MW with counter parties like GG Fashions, KPG Cotton Mills Pvt Ltd, Seoyon E Hwa Summit Mobility Krishnagiri Pvt Ltd among others for the existing windmills and solar panel for captive usage. This provides revenue visibility to the company in near to medium term.

Liquidity: Stretched

The liquidity of the company is stretched with GCA of Rs.0.68 crore in FY24 and cash balance of Rs. 1.24 cores as on March 31, 2024. There are no working capital borrowings. The repayment of term loan starts from March 2025 only after one year of moratorium. The liquidity is also supported by regular infusion of interest free unsecured loans from promoters.

Assumptions/Covenants Not applicable

Environment, social, and governance (ESG) risks Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Solar Power Projects](#)

[Wind Power Projects](#)

About the company and industry

Industry Classification

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

T.P.S Wind Farm Private Limited (TPSW) was initially incorporated as T.P.S Spinning Mills Private Limited (TPSS) during November 1994. During FY21, the company discontinued the spinning unit and got renamed as T.P.S Wind Farm Private Limited. As on date, the company has aggregate capacity of 14.3 MW generated through solar panels (10 MW) and windmills (4.3 MW). The directors of TPSW owns 72% of shareholding, whereas captive users own 28% of shareholding as on March 31, 2024.

Brief Financials (₹ crore)	31-03-2023 (A)	31-03-2024 (A)	H1FY25 (UA)
Total operating income	3.13	3.87	7.40
PBILDT	1.30	1.07	NA
PAT	0.03	-0.19	NA
Overall gearing (times)	2.46	29.33	NA
Interest coverage (times)	-	3.04	NA

A: Audited; UA: Unaudited; NA: Not available; 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 last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2036	33.75	CARE BB-; Stable

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	33.75	CARE BB-; Stable				

LT: Long term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities Not applicable

Annexure-4: Complexity level of instruments rated

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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on 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.

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