

## R.K. Wind Farms (Karur) Private Limited

February 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	41.53	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

R.K. Wind Farms (Karur) Private Limited (RKW) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on R.K. Wind Farms (Karur) Private Limited's bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The revision in the rating takes into account the moderation in capital structure during FY24 (refers to April 1, 2023 to March 31, 2024) on account of debt funded capex in the recent past. The ratings continue to be constrained by company's small scale of operations, weak debt coverage indicators and vulnerability of cashflows due to variations in weather conditions. However, the rating derives strength from experienced promoters, favourable government policy environment for renewable energy sector, revenue visibility with medium term PPA under group captive mechanism.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on February 29, 2024, the following were the rating strengths and weaknesses (updated for the information provided by the company).

#### Key weaknesses

##### Small scale of operations

RKW started installing wind turbine generators (WTGs) for its captive electricity source (Power Looms Segment) since the year 2003 and sells the remaining to Tamil Nadu Government till 2012. The company started its operation as wind farms since September 2021 with plant capacity of 8.5 MW. As on date, the company has a capacity of 17.05 MW across 7 locations. The company has sold about 234.12 lakh KW in 8mFY25 (refers to the period April 1, 2024, to November 30, 2024) as against 188.25 lakh KW during FY24 (refers to the period April 1, 2023 to March 31, 2024) which is at PLF level of 18%. The scale of operations of the company stood moderate with income in the range of Rs. 8.5 crore to Rs.12 crore over last three years ended FY24 and in 8MFY25, company achieved income of Rs 15.02 crore.

##### Weak capital structure

The capital structure of the company stood weak marked by overall gearing ratio at 5.22x as on March 31, 2024 which deteriorated from 1.59x as on March 31, 2023. The debt coverage metrics also stood moderate with Total debt/ GCA of 30.47 as on March 31, 2024 (PY: 8.19). The company has installed two windmills of 2.1 MW each (commenced operational in April 2024) at Karur at the cost of Rs. 37.3 crore, funded by term loan of Rs. 29.84 crores and remaining through internal accruals and promoter funds. The capital structure is expected to be weak in the medium term on account of the above large debt funded capex.

##### 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

**Long experience of the promoters in renewable energy industry with established track record**

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

R.K. Textiles was established in the year 1985, the company has a track record of more than three decades which was at a later stage converted to RKW in 2012. Mr. K. Subramanian, the promoter, Chairman cum Managing Director, has an experience of more than three decades in textile industry and renewable energy industry since 2003. He is a graduate in Arts and heads finance, accounts and marketing departments. Previously, he was associated with a textile company run by his brother-in-law as Manager, Production department for the period of 5 years from 1980 to 1985. Mrs. Malliga Subramanian, W/o Mr. K. Subramanian, is a science graduate who heads administration and day to day affairs of the company. She has an experience of more than three decades in the textile industry and renewable energy industry. His son Mr. Raghul Subramanian, is a B.Tech, M.B.A who handles administration and finance of the company.

#### **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. 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 Power purchase agreement (PPA) with 10 customers which remains valid till 2029, subject to renewal upon expiry of term. The captive users collectively hold a 25% equity stake in the company. The agreements provide revenue stability and visibility over the contract period

**Assumptions/Covenants:** Not applicable

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

#### **Applicable criteria**

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Wind Power Projects](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

R.K. Wind Farm (Karur) Private Limited was formerly known as RK Textiles which was established in the year 1985 and was engaged as a merchant export of home textiles products to IKEA Trading (India) Limited and sale of green energy. The company started installing wind turbine generators (WTGs) for its captive electricity source (Power Looms Segment) from the year 2003. Apart from utilizing the power for captive consumption, balance energy generated from the WTGs was sold to Tamil Nadu State Electricity Board. Since the year 2010, the manufacture of home textile operations stopped in RK textiles due to slow down of IKEA Trading (India) Limited and the business of sale of green energy was continued till 2012 under the same proprietorship name. At a later stage, RK Textiles was converted to a Private Limited Company under the name R.K. Wind Farm (Karur) Private Limited in September 2012. Presently, RKW is engaged in the sale of green energy with the capacity of 17.05 MW as of November 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	November 30, 2024 (UA)
Total operating income	9.98	12.01	15.92
PBILDT	2.62	3.68	NA
PAT	0.40	-1.83	NA
Overall gearing (times)	1.59	5.22	NA
Interest coverage (times)	3.29	1.58	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

**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		-	-	May 2031	41.53	CARE B; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

#### 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	41.53	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (29-Feb-24) 2)CARE B; Stable; ISSUER NOT COOPERATING* (18-May-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (29-Apr-22)	-

\*Issuer did not cooperate; based on best available information.

LT: Long term;

#### Annexure-3: Detailed explanation of covenants of rated instruments/facilities

#### 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 rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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