

## Atria Wind Power (Bijapur 1) Private Limited

October 21, 2021

### Ratings

Facilities	Amount (Rs. crore)	Ratings1	Rating Action
Long Term Bank Facilities	191.18	CARE BBB; Stable (Triple B; Outlook: Stable)	Assigned
Total Bank Facilities	191.18 (Rs. One hundred and ninety one crore and eighteen lakhs only)		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Atria Wind Power (Bijapur 1) Private Limited (AWPB1PL) takes into account more than three-year track record of operations, PPAs signed with third party off-takers for the entire capacity at attractive tariff and having adequate remunerative clause in case of termination by the parties during the lock-in period and established payment cycle with timely receipt of payments from all off-takers. The rating also positively factors in Atria group's established track record in renewable power generation along with presence of long term O&M agreement with a reputed contractor, maintenance of required two quarters of DSRA. While the company's debt coverage indicators have been satisfactory the generation at plant continues to remain below P-90 levels. The ratings are partially constrained by the upcoming hybrid structure in the existing plant location though the plan is still in nascent stages and operating performance being highly dependent on climate and wind density.

### Rating Sensitivities

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

- Improvement in generation to P-90 levels on a consistent basis while maintaining the receivable cycle less than 45 days.
- Completion of proposed capex within estimated costs and timelines as well as tying up PPA for enhanced capacity

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

- Sustenance of elongated receivables cycle from off takers, thus impacting liquidity.
- Sustenance of subdued generation resulting in minimum DSCR to fall below 1.05x.

### Detailed description of the key rating drivers

#### Key Rating Strengths

#### **Long track record of promoters along with group's established track record in renewable power generation:**

Atria Wind Power (Bijapur 1) Pvt Ltd (AWPB1PL) is part of Atria group 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. Atria Brindavan Power Pvt Ltd (ABPPL; rated CARE BBB; Stable); the flagship company of the Atria group holds the group's renewable assets through various SPVs. The group has continuously expanded capacity over the years with significant number of projects becoming operational from FY17 onwards. ABPPL on a consolidated basis has operational capacity of 518.20 MW as on June 30, 2021.

#### **Track record of more than three years with satisfactory generation levels:**

AWPB1PL is operating a 39.6MW wind power project which commenced operations from April 18, 2018 and has more than three years of track record of operations. The generation levels have remained moderate with project reporting PLF of 24.25% during FY21 (FY20: 25.10%; FY19: 17.36%) which are lower than P 90 estimates of 31.10%. Subdued generation is primarily on account of various issues such as stabilization during Fy19, pro-active inspection by turbine manufacturer leading to shut down of site for some days during FY20 and low wind velocity during FY21. However, the generation levels have improved to 33.57% during 4MFY22 as against PLF of 29.43% achieved during 4MFY21 (4MFY20: 28.88%).

Going forward, achievement of the envisaged generation levels would be crucial from cash-flow perspective and will be a key monitorable.

#### **Long term O&M agreement with a reputed contractor**

AWPB1PL has entered into O&M service contract with a reputed contractor for a period of 15 years including 2 years of free service from the date of commissioning. The scope of services includes scheduled and unscheduled maintenance, operation and management, supply of spares, repair or replacement of defective parts, remote surveillance and reporting.

### ***Firm PPAs for majority of capacity entered with various parties under Group captive model***

AWPB1PL has entered into long term PPA at remunerative tariff under Group captive model with various companies for more than 100% of its capacity for a medium to long tenor ranging between 12-25 years and with a minimum lock in period of 10 years. All the PPAs have adequate remunerative clause, in case of parties leave during lock-in period and also have pass through clause for any changes in applicable charges in the ratio 50:50 for most PPAs. The Company has been receiving timely payment from majority of the offtakes within an average 20 days from the date of invoice.

AWB1PL was required to comply with the directive of Ministry of Power, where GCCs of power in a project are required to hold at least 26% of the equity base of 30% of capital employed, in the form of equity share capital with voting rights. Accordingly, the GCCs have infused the required equity.

### ***Comfortable debt coverage indicators***

Debt coverage indicators of AWPB1PL remains comfortable with debt/MW at around Rs. 4.83 crore as on June 30, 2021. Furthermore, the company is maintaining DSRA equivalent to two quarter's interest and principal repayments as per the sanctioned terms. Considering generation at current levels, tariffs as per current PPAs; debt coverage indicators stand satisfactory for the loan tenor

### **Key Rating Weaknesses**

#### ***Proposed plans for installation of solar power plant at same site***

The company is planning to add a 20MW solar plant at the same site of Basavana Bagewadi Taluk, thus making it a hybrid structure of Wind and Solar. The project would be using the existing evacuation structure of wind. It is expected that the solar units generated can be injected during the lean period of Wind generation and vice versa and hence the same evacuation structure would suffice. The above plans are at nascent stages and the company is likely to take up the project only after receipt of all requisite approvals and tying up of debt.

#### ***Operating performance highly dependent on climate and wind density***

Wind projects are exposed to inherent risk of climate fluctuations leading to variations in the wind patterns which affect the PLF. Also, the wind power generation is seasonal in nature. Although satisfactory past track record and wind assessment studies undertaken at the time of conceptualization of various projects indicate healthy power generation potential, achievement of envisaged PLF on a sustained basis would remain crucial from a credit perspective.

#### Liquidity: Adequate

The Company has adequate liquidity supported by moderate to strong credit profile of off-takers who are making payments within an average period of 20 days. As on August 21, 2021, AWPB1PL has cash and bank balance of Rs. 2.14 cr and is maintaining two quarter DSRA of Rs. 15.13 cr.

#### **Analytical approach: Standalone**

#### **Applicable Criteria**

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector](#)

[Rating Methodology - Power Generation Projects](#)

[Rating Methodology-Wind Power Projects](#)

#### **About the Company**

Atria Wind Power (Bijapur 1) Private Limited (AWPB1PL) incorporated in May 21, 2016, is a special purpose vehicle (SPV) incorporated by Atria Wind Private Limited (AWPL) for setting up a wind farm at Basavana Bagewadi, Bijapur Taluk, Karnataka with an aggregate capacity of 39.6 MW at an estimated cost of Rs. 287.33 crores (Rs. 7.26 crore per MW) with debt equity mix of 75:24. The project achieved COD on April 18, 2018 as against SCOD of June 30, 2018. AWPL holds 73.42% in AWPCPL, which in turn is held 100% by Atria Brindavan Power Private Limited (ultimate promoter company). AWPB1PL has entered into firm PPAs with various third parties under Group captive model at a weighted average feed-in-tariff of Rs.4.54 per unit.

<b>Brief Financials (Rs. crore)</b>	<b>FY20 (A)</b>	<b>FY21 (A)</b>
Total operating income	37.69	36.87
PBILDT	35.65	33.49
PAT	-22.67	-16.47
Overall gearing (times)	9.47	35.89
Interest coverage (times)	1.27	1.41

A: Audited

**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		-	-	June 2032	191.18	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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	1)Withdrawn (02-Aug-19)	1)CARE A1+ (SO) (17-Apr-18)
2	Fund-based - LT-Term Loan	LT	191.18	CARE BBB; Stable				

#### Annexure-3: Detailed explanation of covenants of the rated facilities

Name of the Instrument	Detailed explanation
<b>A. Financial covenants</b>	
<b>Term Loan</b>	<ul style="list-style-type: none"> <li>To maintain DSRA and a minimum DSCR of 1.00x over the tenor of loan post commissioning.</li> </ul>
<b>B. Non financial covenants</b>	
<b>Term Loan</b>	<ul style="list-style-type: none"> <li>No dilution of shareholding of core promoters below 51% during the tenor of the loan, without prior consent of the lender.</li> <li>In case of DSCR above 1.20x, lender have the right to accelerate the repayment schedule.</li> </ul>

#### 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

#### Annexure 5: Bank Lender Details for this Company

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

**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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