Beta Wind Farm Private Limited

January 06, 2020

Rating

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	896.91	**CARE D (Single D)**	**Reaffirmed**
Total Facilities	**896.91 (Rupees Eight Hundred Ninety Six crore and Ninety One lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Beta Wind Farm Private Limited (BWF) factors in the instances of delays in servicing debt obligations.

Rating Sensitivities

Positive Factors

- Satisfactory track record of timely servicing of debt obligations on sustained basis.
- Sustained improvement in operational and financial performance.

Detailed description of the key rating drivers

Key Rating Weaknesses

Instances of delays in debt servicing

The Company has reported delays in debt servicing to banks on account of tight liquidity position, arising mainly due to longer time taken for realization of receivables from AP Discom.

During FY19 (refers to the period April 01 to March 31), the company generated total income of Rs.235 crore as against Rs.255 crore during FY18. Decline in the power sales was due to delayed onset of wind season and impact of cyclone, which resulted in drop in wind availability. The company reported net loss of Rs.30 crore in FY19 as against PAT of Rs.3 crore in FY18, due to decrease in power sales. As on March 31, 2019, the company's receivables stood at Rs.66.09 crore increased from Rs.50.69 crore as on March 31, 2018.

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 high PLF during May – 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. BWF's wind assets operated at an average PLF of 21.94% during FY19 (PY: 23.2%).

Key Rating Strengths

Established presence of OGPL in renewable energy segment

BWF is a subsidiary of Orient Green Power Company Limited (OGPL). OGPL's promoter is SVL Limited (formerly known as Shriram Industrial Holdings Limited), which is part of Chennai-based Shriram Group. As of March 2019, OGPL had a portfolio of operational wind capacity of 425 MW. BWF had been supported by the group companies in terms of funding requirements in the past. Similarly, BWF has provided loans to group companies (Rs.104 crore as on March 31, 2019).

Industry outlook

Wind power continues to dominate the share of renewable energy (RE) capacity in India at about 35.6 GW as on March 31, 2019 forming around 45% of total RE capacity, though the overall share has come down in last 2-3 years. The government plans to increase the overall renewable energy capacity to 175 GW by 2022, out of which wind capacity is planned to be enhanced to 60 GW. Given there is continued emphasis by the government to increase capacity addition in the sector, vast potential, established technology and faster and modular nature of implementation, the outlook is stable for the wind power sector. Nevertheless, there are issues like weak financial risk profile of Discoms and poor evacuation infrastructure leading to lower off-take; besides the inherent risk of variation in wind patterns.

Liquidity indicator: Poor

Poor liquidity marked by lower accruals when compared to repayment obligations, fully utilized bank limits and modest cash balance. The company had cash and bank balance of Rs.0.54 crore as on March 31, 2019.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Analytical approach: Standalone
Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology - Private Power Producers
Rating Methodology - Wind Power Projects
Financial ratios (Non-Financial Sector)

About the Company
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.

Brief Financials (Rs. cr)	FY18 (A)	FY19 (A)
Total operating income	255	235
PBILDT	210	179
PAT	3	(30)
Overall gearing (times)	NM	NM
Interest coverage (times)	1.61	1.33

A: Audited; NM: Not meaningful

Status of non-cooperation with previous CRA: BWR has suspended its rating vide press release dated 18 Feb 2015 on account of its inability to carry out rating review as company has not shared information.
Any other information: Not Applicable
Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	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 2033	874.88	CARE D
Fund-based - LT-Cash Credit	-	-	-	22.03	CARE D

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
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	874.88	CARE D	-	1)CARE D (22-Mar-19)	1)CARE D (30-Mar-18) 2)CARE D (04-Jul-17)	-
5.	Fund-based - LT-Cash Credit	LT	22.03	CARE D	-	1)CARE D (22-Mar-19)	1)CARE D (30-Mar-18) 2)CARE D (04-Jul-17)	-

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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