

## Bhoruka Power Corporation Limited

April 04, 2019

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities-Term Loan	522.67	<b>CARE D; ISSUER NOT COOPERATING*</b> (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Long term Bank Facilities-Cash Credit	8.00	<b>CARE C; Stable; ISSUER NOT COOPERATING*</b> (Single C; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Medium-term instruments	10.00	<b>CARE C (FD); Stable; ISSUER NOT COOPERATING*</b> (Single C (Fixed Deposit); Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Short term Bank Facilities	40.00	<b>CARE A4; ISSUER NOT COOPERATING*</b> (A Four; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
<b>Total</b>	<b>580.67</b> (Rs. Five hundred eighty crore and sixty seven lakhs only)		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

Bhoruka Power Corporation Limited (BPCL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE's rating on BPCL's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING/CARE C; Stable; ISSUER NOT COOPERATING/CARE A4; 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 ratings takes into account ongoing delay in servicing of term loan due to liquidity issues faced on account of lower than anticipated generation of power and delay in receipt of receivables from its major counterparty, HESCOM. However no instances of overdrawals have been reported in cash credit account and for BG invocation. Further, no information received on any delayed payments on FD.

### Detailed description of the key rating drivers

*At the time of last rating on May 29, 2018 the following were the rating strengths and weaknesses (updated for FY18 audited annual report and other operational information provided by the company to CARE)*

### Key Rating Weaknesses

**Delays in debt servicing:** There have been ongoing delays in term debt servicing by the company due to tight liquidity position.

**Lower than expected generation resulting in tight liquidity position:** During FY18 and 9MFY19, the generation was lower than anticipated. Resultantly, the company's cash flow has been under pressure and the company had relied on refinancing part of debt and availing additional debt during the year to manage the tight liquidity position. Additionally, delayed realization of receivables from its major counter party, HESCOM continues to keep its liquidity position tight.

### Key Rating Strengths

**Established track record of the company in commissioning and operating hydro and wind power plants:** With more than three decades of operations, BPCL has a well-established track record in developing & operating hydel & wind power plants. As on March 30 2019, BPCL has 13 hydro power plants, 8 wind power plants and two solar power plants with an installed capacity of 96.9 MW, 181.3 MW and 30 MW respectively. Group runs a hydro project also under its subsidiary with installed capacity of 13 MW.

**Analytical approach:** Consolidated. For Analytical purposes, the credit profile of Bhoruka Power Corporation Limited (BPCL) along with its wholly owned subsidiary Sagar Power (Dandela) Limited (Hydro unit with a capacity of 13 MW) is

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

considered as both the entities are engaged in generation of renewable energy and operate under the same management.

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)  
[Criteria on assigning Outlook to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[CARE's methodology for Private Power Producers](#)  
[Financial ratios – Non-Financial Sector](#)  
[Short Term Instruments- Rating Methodology](#)

### About the Company

Incorporated in 1986, Bhoruka Power Corporation Ltd (BPCL) is engaged in the generation of renewable energy. BPCL is a part of Bhoruka group promoted by Mr. S. N. Agarwal, engaged in various businesses such as industrial gases, refractory items, power, real estate etc. The company has 13 hydro power plants (96.90 MW), 8 wind power plants (181.3 MW) and 2 solar power plants (30 MW), all of which are operational. The PPAs for all the projects of the company are KERC approved. The day to day operations of the company are managed by Mr. S. Chandrasekhar, the managing director of BPCL.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	254.93	280.92
PBILDT	199.99	225.87
PAT	0.66	-61.35
Overall gearing (times)	3.40	3.87
Interest coverage (times)	1.26	1.10

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

### Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

## 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	-	-	June 2033	522.67	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	8.00	CARE C; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	25.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Term loan	-	-	-	15.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fixed Deposit	-	-	-	10.00	CARE C (FD); Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

## 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	522.67	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (29-May-18)	1)CARE BBB-; Stable (19-Feb-18)	1)CARE BBB; Stable (01-Mar-17) 2)CARE BBB (21-Nov-16)	1)CARE A- (10-Dec-15)
2.	Fund-based - LT-Cash Credit	LT	8.00	CARE C; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE C; Stable (29-May-18)	1)CARE BBB-; Stable (19-Feb-18)	1)CARE BBB; Stable (01-Mar-17) 2)CARE BBB (21-Nov-16)	1)CARE A- (10-Dec-15)
3.	Non-fund-based - ST-Bank Guarantees	ST	25.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE A4 (29-May-18)	1)CARE A3 (19-Feb-18)	1)CARE A3+ (01-Mar-17) 2)CARE A3+ (21-Nov-16)	1)CARE A2+ (10-Dec-15)
4.	Fund-based - ST-Term loan	ST	15.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE A4 (29-May-18)	1)CARE A3 (19-Feb-18)	1)CARE A3+ (01-Mar-17) 2)CARE A3+ (21-Nov-16)	1)CARE A2+ (10-Dec-15)
5.	Fixed Deposit	LT	10.00	CARE C (FD); Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE C (FD); Stable (29-May-18)	1)CARE BBB- (FD); Stable (19-Feb-18)	1)CARE BBB (FD); Stable (01-Mar-17) 2)CARE BBB (FD) (21-Nov-16)	1)CARE A- (FD) (10-Dec-15)

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