May 13, 2025

Netra Wind Private Limited: Ratings downgraded and outlook revised to Stable; short term rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
LT - Fund-based term loan	1,630.0	1,121.0	[ICRA] BB+ (Stable); downgraded from [ICRA]BBB- (Negative) and outlook revised to Stable
LT/ST - Non-fund based (interchangeable with term loan) #	(1,141.0)	-	[ICRA] BB+ (Stable)/[ICRA]A4+; ratings downgraded from [ICRA]BBB- (Negative)/[ICRA]A3 and outlook revised on long term rating; short term rating withdrawn
Total	**1,630.0**	**1,121.0**	

**Instrument details are provided in Annexure-I, #Sublimit of term loan*

Rationale

The rating action factors in the weak performance of the 206.5 MW wind power project of Netra Wind Private Limited (NWPL) since commissioning in April 2024, with the actual generation remaining well below the appraised P-90 estimate. The company reported a PLF of ~23% in FY2025 against the P90 estimate of ~36.5%, owing to stabilization period involved post commissioning as well as weaker than estimated wind speed at the project location. Based on the recent generation trends of the project, ICRA expects the generation to remain below the P-90 estimates in the near to medium term. The underperformance has adversely impacted the debt coverage indicators of the company, with the debt service coverage ratio (DSCR) on the external debt being well below 1.0x in FY2025. Further, the DSCR is expected to remain below 1x in FY2026, necessitating promoters support to meet the debt-servicing requirements. In this regard, the unsecured loans of Rs 20 crore have already been infused by the promoter entity and another Rs 21 crore is expected to be infused shortly, which is likely to support NWPL's debt-servicing requirement in FY2026.

NWPL's wind project was commissioned in stages between April 2023 and April 2024 against the scheduled commercial operation date (CoD) of November 2022 as per the power purchase agreement (PPA) signed with Solar Energy Corporation of India Limited (SECI) and lender's CoD of August 2023. These delays led to cost overruns, increasing the overall cost of the commissioned capacity by ~13%, thereby affecting the project return metrics. In addition, the debt repayment started in September 2024, providing limited time to build liquidity buffer by the company. ICRA also notes that NWPL commissioned 206.5-MW capacity against the total project size of 301.5 MW. The same also exposes the entity to the risk of BG invocation (provided by the parent entity), by the offtaker due to delayed and partial commissioning.

Further, the company has ~Rs.127 crore due to the capex creditors (group company), which may necessitate additional debt drawdown or infusion of promoter funding, exposing NWPL to liquidity and funding risk in the near to medium term. The ability of the company to improve its generation performance remains a key rating monitorable, going forward. Also, any significant debt drawdown to pay the capital creditors would adversely impact the company's credit metrics. The company's revenues and cash flows would also remain sensitive to the variation in weather conditions and wind seasonality, given the single-part nature of the fixed tariff under the PPA. Additionally, the company remains exposed to asset concentration risk as the entire capacity is located at a single site in Gujarat. Also, the company remains exposed to the regulatory challenges of implementing the scheduling and forecasting framework for the wind power sector.

However, the ratings derive comfort from the high revenue visibility and low offtake risk for the commissioned capacity of NWPL's wind power project because of the long-term (25-year) PPA with SECI, at a fixed tariff. SECI is an intermediary counterparty and has signed power supply agreements (PSAs) with the state-owned distribution utilities (discoms). The ratings also draw comfort from the presence of a strong counterparty like SECI (rated [ICRA]AAA (Stable)/[ICRA]A1+) and the payment security mechanism under the PPA, with a provision for letter of credit equal to average one-month billing. This, along with the superior tariff competitiveness of the project, mitigates the counterparty credit risk for the company. Further, the additional provisions in the PPA/PSAs related to compensation in case of grid curtailment or backdown and the termination liability in the event of default by the offtaker provides comfort. The rating also draws comfort from being part of the Alfanar group, having diversified presence in engineering, procurement and construction (EPC), project development, engineering services and manufacturing business, primarily in Saudi Arabia. There has been a track record of support to NWPL and other Indian SPVs in the form of bank guarantees for debt-servicing reserve account (DSRA) as well as through unsecured loans.

ICRA has withdrawn the short-term rating of [ICRA]A4+ assigned to the interchangeable limits of the company. The rating has been withdrawn in accordance with ICRA's policy on withdrawal and at the request of the company.

The Stable outlook assigned to the company factors in the revenue and cash flow visibility offered by the long-term PPA with a strong counterparty, SECI, and the presence of an experienced O&M contractor.

Key rating drivers and their description

Credit strengths

Established track record of Alfanar Group in power sector – Though the Alfanar Group has limited experience in the renewable energy sector in India, this risk is mitigated to a certain extent by the Group's established track record. Alfanar is among the largest private industrial groups in Saudia Arabia, having a diversified presence in EPC, project development, engineering services and manufacturing segments. in the power sector through its EPC business in Saudi Arabia and its renewable projects in other countries. In the transmission sector, it has set up various sub-stations, transmission lines and underground cable projects in Saudi Arabia. The group has supported NWPL and other Indian SPVs in the form of bank guarantees for debt-servicing reserve account (DSRA) as well as through unsecured loans.

Revenue visibility due to long-term PPA and competitive tariff – NWPL has low offtake risks because of a long-term (25-year) PPA at a highly competitive tariff of Rs. 2.77 per unit for the entire project capacity. The long-term PPA provides revenue visibility for the company. SECI is an intermediary counterparty and has signed PSAs with the state-owned distribution utilities of Haryana, Bihar, and Puducherry and two private distribution utilities in Delhi, which are the ultimate offtakers under the ISTS Wind Tranche V scheme. Further, the applicable tariff of Rs. 2.84/unit (including SECI's trading margin) for the distribution utilities is highly competitive compared to their average power purchase cost. Further, the company has filed petition before the Central Electricity Regulatory Commission (CERC) for additional tariff of 13 paise per unit owing to the impact of GST levy on supply of wind turbine generators (WTGs). The approval of the same shall improve the project's return metrics and debt coverage metrics to an extent

Superior PPA with SECI and low counterparty credit risk – The PPA with SECI is relatively superior against the state policy PPAs due to the favourable payment security mechanism, with the inclusion of SECI in the TPA with the Government of India, the Reserve Bank of India and the state governments. This provides comfort against payment delays from the discoms to SECI. Other favourable provisions include generation compensation for grid unavailability or backdown and termination liability in the event of default by the offtakers. These factors, coupled with the high tariff competitiveness, mitigate the counterparty credit risk associated with the ultimate offtakers.

Credit challenges

Lower than expected cash flows due to underperformance by wind power project – As the tariff under the PPA is single part in nature, the company's revenues and cash flows remain sensitive to energy generation, which is exposed to the variation in weather conditions. This in turn would affect its debt servicing ability. This risk is amplified by the single location of the project. The actual generation of the project has remained well below the appraised P-90 estimate in FY2025, owing to the lower-than-expected wind speed. While some comfort can be drawn from the sourcing of equipment from established suppliers and the presence of these suppliers as O&M contractors, the ability of the project to improve its generation performance in line with the appraised estimate remains a key monitorable.

Uncertainty over funding the capital creditors – The company has outstanding dues ~Rs. 127 crore due to the capex creditors (group company), which may necessitate additional debt drawdown or infusion of promoter funding, exposing NWPL to liquidity and funding risk. However, some comfort is drawn from cushion available with the group EPC companies which may be used to finance the capital creditor payments.

Interest rate risk- The company's debt metrics remain exposed to the movement in interest rates due to the single-part tariff under the PPA and a leveraged capital structure, given the floating rates under the project debt.

Regulatory risk of implementing scheduling and forecasting framework for wind sector - The company's operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements applicable for renewable energy projects, given the limited experience the of developers in operating under Indian conditions and the variable nature of wind generation.

Liquidity position- Stretched

The liquidity position of the company remains stretched, given the underperformance in generation leading to lower than expected cashflows from operations in FY2025 and this trend in likely to continue in FY2026. Also, the delays in project commissioning led to limited time to build the liquidity buffer before the commencement of debt repayment, which started in September 2024. Demonstration of an improved generation performance remains important to achieve a sustainable improvement in the liquidity position. Moreover, the company has to pay ~Rs. 127 crore in the medium term, due to the capex creditors, exposing it to funding risk. The company's cash and bank balances stood at ~Rs. 10 crore as on March 31, 2025. In addition, there is a debt service reserve (DSRA) of Rs. 27 crore in the form of bank guarantee from the promoter against an expected debt servicing obligation of ~Rs. 136 crore over the next 12 months.

Rating sensitivities

Positive factors - The ratings can be upgraded if the actual generation performance of the wind power project improves closer to the appraised P-90 estimate, leading to healthy cash flows for the company and an improvement in its credit metrics, along with timely funding tie-up for the balance capital creditors.

Negative factors - The ratings would be downgraded if the actual generation performance continues to be weak, impacting the debt coverage metrics of the company or weakening its liquidity profile.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Wind Power Producers Policy on withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

About the company

NWPL is promoted by Alfanar Company (KSA) and Alfanar Power Limited (UK), which are subsidiaries of Alfanar Principals. Alfanar is a family-owned Saudi Arabia-based group, with the main promoters being three brothers - Mr. Abdul Salam Al Multaq, Mr. Sabah Mohammad Al Multaq and Mr. Hisham Mohammad Al Multaq. NWPL commissioned a 206.5-MW wind power project in Bhuj, Gujarat in April 2024. The total project cost for 206.5 MW is ~Rs 1,694 crore, funded through equity of Rs. 556 crore, debt of Rs. 1,031 crore and the balance being capital creditors. The capacity was awarded via a reverse bidding process conducted by SECI under its tranche-V wind power auction for 1.2 GW of inter-state transmission system (ISTS)-connected projects.

Key financial indicators

NWPL (Standalone)	FY2024
Operating income	68.2
PAT	-4
OPBDIT/OI	91.1%
PAT/OI	-6.5%
Total outside liabilities/Tangible net worth (times)	12.5
Total debt/OPBDIT (times)	23.4
Interest coverage (times)	1.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years		
	Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
			May 13, 2025	August 22, 2024	June 13, 2023	June 24, 2022
Term loan	Long Term	1,121.0	[ICRA]BB+(Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
Non-fund based (Interchangeable with term loan) #	Long term / Short term	-	[ICRA] BB+ (Stable)/[ICRA]A4+; short term rating withdrawn	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB (Stable)/ [ICRA]A3+

#Sublimit of term loan

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term loan	Simple
Non-fund based limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	March 2021	-	FY2044	1,121.0	[ICRA]BB+ (Stable)
NA	Non-fund based (interchangeable with term loan) #	-	-	-	-	[ICRA] BB+ (Stable)/[ICRA]A4+; short term rating withdrawn

Source: company, #Sublimit of term loan

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis- Not applicable

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