

## LNJ Power Ventures Ltd.

Instrument	Amount Rated (Rs. Crore)	Rating Action
Term Loans	84.24	[ICRA]BBB+ (Stable) (Reaffirmed)

ICRA has reaffirmed its long term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) on the Rs.84.29 crore<sup>^</sup> bank lines of LNJ Power Ventures Ltd. (LNJPV)<sup>†</sup>. The outlook on the long term rating is 'Stable'.

The rating reaffirmation takes into account the satisfactory generation track record of over three years from the 20 MW Rajasthan based wind power plant. The rating is further supported by the long track record of the promoters in the renewable energy industry and the support derived by virtue of being a part of the LNJ Bhilwara group which has operational capacity of ~360 MW. ICRA also takes into account the revenue visibility from the project due to its long term PPA (Power Purchase Agreement) at an attractive tariff rate of Rs. 5.75 per unit with RSWM Ltd. under group captive mechanism. The credit profile of RSWM Ltd. continues to remain satisfactory thereby mitigating counterparty credit risks. While reaffirming the rating, ICRA also makes a note of clear guarantees regarding reactive power, machine availability and the power curve from the equipment supplier/Operations & Maintenance (O&M) contractor i.e. Inox Wind.

Nevertheless, the company's profitability and debt protection metrics remain sensitive to its operational performance; any adverse variation in wind conditions may impact PLF levels and consequently affect cash flows. It may be noted that, LNJPV reported a decline in scale op operations during FY16 owing to drop in generation levels. This risk is partly mitigated by the presence of the debt service reserve account (DSRA) equivalent to two quarters of interest and debt repayment, maintained by LNJPV in the form of fixed deposits with its lenders. The rating continues to factor in that most of the equity infused is in the form of CCDs at a coupon of 13.54%, consequently resulting in higher interest burden. However ICRA notes that the interest payments on CCD are made only after compliance with all financial covenants specified by the company's lenders.

Going forward, the ability of the company to report satisfactory operational parameters, receive timely payments from RSWM and ensure timely debt servicing would be the key rating sensitivities.

### Company Profile

LNJPV is promoted by Bhilwara Energy Limited (BEL) which is the holding company for two operational hydro electricity power plants aggregating 278 MW and three operational wind power assets with aggregate capacity of 83.5 MW. Further, the company has renewable generation capacity of 1,358 MW in various stages of development in India and Nepal.

LNJPV is a project SPV operating a 20 MW wind based power plant in Dangri, near Jaisalmer, Rajasthan. The project became operational in March 2013. The total project cost of the power plant was Rs. 117 crore, which was financed via term loans of Rs. 84 crore and equity of Rs. 33 crore (which includes Rs. 32 crore infused by RSWM Ltd. as CCD). The development and execution was carried out by Inox Wind Limited (IWL), which is also the O&M service provider for the project.

### Recent Results

In 2015-16 (provisional numbers), LNJPV reported a net loss of Rs. 1.81 crore on an operating income of Rs. 16.40 crore, as against a net profit of Rs. 3.82 crore on an operating income of Rs. 21.12 crore in the previous year.

**May 2016**

<sup>^</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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