



Belgaum Wind Farms Private Limited

ICRA has upgraded the rating assigned to the Rs 90 crore term loan facilities of Belgaum Wind Farms Private Limited ('Belgaum' or 'the company') from [ICRA] BB (pronounced as ICRA double B) to [ICRA] BB+ (pronounced as ICRA double B plus). The long term rating carries 'Stable' outlook*.

The rating upgrade takes into account BWFPL's steady improvement in PLF, comfortable liquidity position supported by DSRA account and likely refund of advances from group company by end of CY 2013. The long term fixed price power purchase agreement with BESCOM mitigates off-take and price risk and outsourcing of operation and maintenance to Enercon India Ltd also reduces operational risk. However, the rating continues to be constrained by the company's modest debt protection metrics and high break-even PLF requirement for servicing the debt obligations when compared with the PLF recorded in the recent past. ICRA notes that the prevailing low CER prices reduces an additional revenue stream and intensifies the sensitivity of cash flows to any adverse variation in wind speed affecting PLF levels. The company also remains exposed to the counter-party credit risks associated with sale of electricity to BESCOM. However, the risk is largely mitigated because of revolving letter of credit given by BESCOM towards monthly electricity sales and history of receiving payments within scheduled time frame.

Company Profile

BWFPL was promoted by technocrats and financial investors who initially set up India Energy Limited in Guernsey on 16th March 2007, which set up a wholly owned subsidiary for establishing wind farm projects. BWFPL operates 24.8 megawatt wind power project, located in Gadag plains near Belgaum in the state of Karnataka. The project was set up at a total cost of Rs 1.43 billion, funded in the debt equity ratio of 1.7:1. In July 2011, IEL board agreed that Infrastructure India PLC (IIP) would acquire the entire share capital of IEL and thus BWFPL would become a subsidiary of IIP.

Recent Results

During the period ended 2012-13, the company reported net profit of Rs. 4 crore on a turnover of approx. Rs. 21 crore.

May 2013

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* For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.7



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