

Panama Wind Energy Pvt. Ltd.

Instrument	Amount Rated (Rs. Crore)	Rating Action
Term Loans	310.0	[ICRA]BB+ (Stable) (Assigned)

ICRA has assigned its long-term rating of [ICRA]BB+ (pronounced ICRA double B plus) to the Rs.310.00-crore[^] bank lines of Panama Wind Energy Pvt. Ltd. (PWEPL)[†] The outlook on the long-term rating is 'Stable'.

The rating for the 72 MW operational wind power project located in Satara, Maharashtra is constrained by the delay in receipt of payments from its counterparty i.e. Maharashtra State Electricity Distribution Company Limited (MSEDCL) with the present delays being around 350-360 days. The rating is also constrained owing to weak generation performance since commencement of operations in February 2013, with the actual PLF levels being lower than the P (90) estimates each year. The generation track record in the past has been affected due to the ongoing repair work being carried out on the turbine foundations making them incapable of generating maximum possible power during the full year. The rating also takes into account the low cash accruals generated over the last three years, mainly on account of the high amount of expenses incurred on account of substation expenses, remedial work on turbines, currency fluctuation losses etc. Moreover, the company's profitability and debt protection metrics continue to remain sensitive to its operational performance; any adverse variation in wind conditions may impact PLF levels and consequently affect cash flows. While assigning the rating, ICRA also made note of the insufficient LD clauses in the O&M contract which would not fully compensate PWEPL for a revenue loss due to reduction in plant availability etc.

Nevertheless, the rating takes support from the strength of the sponsor i.e. Berkeley Energy. Berkeley Energy is a private equity investor in the renewable energy infrastructure space in developing markets of Asia and Africa. The group has an installed capacity of ~300MW, mainly situated in India and Philippines. ICRA also takes into account the revenue visibility from the project due to its long-term Power Purchase Agreement (PPA) at attractive tariff rates of Rs. 5.78 per unit with MSEDCL and clear guarantees regarding reactive power and the power curve from the equipment supplier/Operations & Maintenance (O&M) contractor.

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

Company Profile

PWEPL is a part of the Panama Group, promoted by Mr. Sameer Balasaheb Ladkat. PWEPL operates a 72-MW wind power plant in Satara district, Maharashtra. The plant consists of 45WTGs of 1.6 MW each and was commissioned in February 2013. The entire engineering, procurement and construction (EPC) process, including operations and maintenance (O&M) services are provided by General Electric Industries India Ltd. (GE)

The company is a subsidiary company of M/s Berkeley Energy Wind Mauritius Limited (BEWML), which holds 94.08% of Shareholding in the Equity Capital of the company and the remaining 5.92% equity capital is held by M/s Indo Magnus Wind Energy Private Limited.

Recent Results

In 2015-16 (prov), PWEPL reported a net loss of Rs. 65.77 crore on an operating income of Rs. 73.05 crore, as against a net loss of Rs. 37.32 crore on an operating income of Rs. 68.73 crore in the previous year.

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[^] 100 lakh = 1 crore = 10 million

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



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