

Bhilwara Green Energy Limited

Instrument	Amount Rated (Rs. Crore)	Rating Action
Non Convertible Debentures	177.44	[ICRA]BBB (Stable) (Revised from [ICRA]BBB+(Stable))

ICRA has revised its long term rating on the Rs. 177.44 crore[^] non-convertible debentures of Bhilwara Green Energy Limited. (BGEL)[†] to [ICRA]BBB (pronounced ICRA triple B) from [ICRA]BBB+ (pronounced ICRA triple B plus). The outlook on the long term rating is 'Stable'.

The rating revision factors in significant delays in receipt of payments for the 49.5 MW wind based power plant located in Satara, Maharashtra which has impacted the liquidity and cash flow generation of the company. BGEL has a Power Purchase Agreement (PPA) for the entire 49.5 MW capacity with Maharashtra State Electricity Distribution Company Limited (MSEDCL) and the latter has been delaying in payments to several wind energy generators, including BGEL. The rating is also constrained by the absence of a firm PPA for the 20 MW wind project under BGEL's wholly owned subsidiary i.e. Bhilwara Green Wind Power Ltd. (BGWPL) in Pokran, Jaisalmer, thereby impacting consistent cash flow generation of that company. ICRA's ratings also continue to factor in the sensitivity of the company's profitability and debt protection metrics to operational risks such as adverse variation in wind conditions may impact PLF levels and consequently affect cash flows.

Nevertheless, the rating positively factors in the strong parentage of the company, being part of the well-established LNJ Bhilwara group; long track record of the promoters in the renewable energy industry; and consistent fund infusion by the promoters over the years in order to meet any shortfall in cash flows. BGEL is a wholly owned subsidiary of Bhilwara Energy Ltd. (BEL) which is the holding company for power projects for the group and has an operational generation capacity of 367.5 MW (89.5 MW wind based assets and 278 MW Hydro based assets) and another 1,330 MW in various stages of development in India and Nepal. The rating also factors in the satisfactory generation record of the project with BGEL reporting a PLF of 21.98% for FY2016 vis-a-vis 21.48% for FY2015. Even during 6M FY2017, the project has generated ~76 million units (MUs) vis-a-vis 68 MUs during 6M FY2016. ICRA also takes into account the clear guarantees regarding reactive power, machine availability and the power curve from the equipment supplier/Operations & Maintenance (O&M) contractor.

ICRA has taken note of a one off instance of a one day delay in interest servicing on one particular loan as on September 30, 2016. However, ICRA notes that the same was due to certain technical issues and the company had adequate funds to service the obligation (in excess of missed payment amount).

Going forward, the ability of the company to receive payments from MSEDCL in a timely manner, and report satisfactory operational parameters would be the key rating sensitivities.

Company Profile

BGEL is a 100% subsidiary of Bhilwara Energy Limited (BEL), which is the flagship entity of LNJ Bhilwara group for the development and operation of renewable energy assets. BGEL is a project SPV created to set up and operate a 49.50 MW wind based power plant in Satara district, Maharashtra. The project has been commissioned in stages, with 30 MW generation capacity commissioned in March 2012, 10.5 MW during May-September 2012 and the balance 9 MW in June-October 2013. The total project cost of the power plant was Rs. 319.1 crore (Rs. 6.45 crore/MW), which was funded through a debt: equity ratio of 70:30. The project's development and execution was carried out by Regen Powertech India, with which the company has also signed a long term agreement for comprehensive O&M services. BGEL has a PPA with MSEDCL for its entire generation capacity at a fixed tariff (weighted average of Rs. 5.51/kwh) for a term of 13 years from the date of commissioning of respective WTGs. The project is also registered with IREDA for receiving generation based incentives (GBI) under the scheme launched by GOI.

[^] 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

Recent Results

In 2015-16, BGEL reported a net profit of Rs. 0.76 crore on an operating income of Rs. 57.20 crore, as against a net loss of Rs. 2.23 crore on an operating income of Rs. 56.82 crore in the previous year.

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For further details, please contact:

Analyst Contacts:

Mr. Sabyasachi Majumdar (Tel. No. +91 124 4545304)
sabyasachi@icraindia.com

Mr. Jatin Arya (+91 124 4545313)
jatin.arya@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500