



Rating Rationale

Ashok Leyland Wind Energy Limited

13th September 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 76.12 of Ashok Leyland Wind Energy Limited (ALWEL)

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based					
Term Loan	82.64	76.12	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable) Reaffirmation
Total	82.64	Rs. 76.12 Crores (Rupees Seventy Six Crores and Twelve Lakhs only)			

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of FY14 – FY17, and projected financial results of FY18-FY19 and publicly available information and information/clarification provided by the company's management.

The rating continues to factor, inter alia, the experienced Management, revenue stream supported by long-term power purchase agreements (PPAs), moderate financial risk profile with comfortable gearing level and the Company being a part of the Rajalakshmi Group.

The Rating is however, constrained by risk of downward revision in energy prices which can lead to sizeable decline in their profit margins, counter party credit risk as it is particularly



dependent on two consumers, exposure to variations in wind conditions across project locations, and regulatory risks associated with power generation & distribution.

Analytical Approach:

Rating Criteria links are given in the end.

Rating Outlook: Stable

BWR believes the **Ashok Leyland Wind Energy Limited** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Ashok Leyland Wind Energy Limited (ALWEL) was started in 2010 as an SPV for the development of wind energy for Ashok Leyland Group for their own power consumption. It has its registered office in Chennai. It was acquired by Chennai based Rajalakshmi Group in 2015 through a Company called Rajalakshmi Renewables Private Limited which has 74% holding in ALWEL. Rajalakshmi Group is running multiple educational institutes and its business interest includes power and car dealerships. Ashok Leyland Limited (ALL) and Hinduja Foundries Limited (HFL), both Hinduja Group Companies, holds 11.50% and 14.50% stake respectively in ALWEL as of March 31, 2017.

Company Financial Performance

In FY17, the company achieved Net Sales of Rs. 55.23 Cr compared to Rs. 41.56 Cr of Net Sales in FY16. The Tangible Net Worth stood at Rs. 75.15 Cr as on 31st March, 2017, as against Rs. 63.37 Cr as on 31st March 2016. The Debt/Equity ratio stood at 1.11X in FY17 compared to 1.60X in FY16.

Key Financial ratios:

Particular	FY 2015-16	FY2016-17
Net Sales (Rs Cr)	41.56	55.23
EBITDA (Rs Cr)	29.26	32.87
PAT (Rs Cr)	3.5	12.98
Tangible Net Worth (TNW) (Rs Cr)	63.37	75.15



Total Debt/TNW	1.60X	1.11X
Current Ratio	1.23X	1.12X

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	11 August 2016	2015	2014
1	Term Loan	Long Term	76.12	BWR BBB- (Stable)	BWR BBB- (Stable)	NA	NA
Total		Rs. 76.12 Crores (Rupees Seventy Six Crores and Twelve Lakhs only)					

Hyperlink/Reference	to	Applicable	Criteria
<ul style="list-style-type: none"> - General Criteria - Approach to Financial Ratios - Infrastructure Sector 		<ul style="list-style-type: none"> - Short Term Debt 	

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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