



## RATING RATIONALE

13 Sept 2019

### Sri Vinayaga Green Power Generation Pvt. Ltd.

### Brickwork Ratings Revises the ratings for the Bank Loan Facilities of ₹ 15.80 Crores of Sri Vinayaga Green Power Generation Pvt. Ltd.

#### Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Sep 2017)	Present
Fund Based	25.65	15.80	Long Term	BWR B+ Stable Issuer not Cooperating	BWR C (Downgraded)
<b>Total</b>	<b>25.65</b>	<b>15.80</b>	<b>INR Fifteen Crores and Eighty Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities is provided in Annexure-I

#### RATING ACTION / OUTLOOK

Brickwork Ratings has downgraded the long-term rating from BWR B+ with Stable Outlook to BWR C.

The rating downgrade has factored delay reported by their lenders in timely servicing of its debt obligation.

#### KEY RATING DRIVERS

BWR has principally relied upon the audited financial results up to FY18, and provisionals of FY19 of Sri Vinayaga Green Power Generation Pvt Ltd, publicly available information and information/clarification as provided the Company's management.

#### Credit Strengths:

- Mr. D Vinoth, the managing director of the Company, is a qualified engineer and an MBA from CARDIFF University, UK having business experience of a decade.



- Revenue of the Company has increased from ₹ 4.93 Cr in FY18 to ₹ 8.06 Cr in FY19. The increase is due to additional income from the sale of REC certificates.
- The Company has a Power Purchase Agreement with Agnee Steels Pvt. Ltd. dated 27.03.2014 for transmission of generated power to grid which is to be renewed every three years. The agreement was renewed in 2018.

#### **Credit Risks:**

- Cash accruals of the Company of ₹ 1.77 Cr in FY19 has reduced from ₹ 2.20 Cr in FY18 and remains low in comparison to its debt repayment obligations, which has resulted in irregular servicing of its debts. Cash accruals to total debt remains weak at 0.06 times in FY18 and 0.07 times in FY19.
- The Company has been incurring net loss due to high depreciation and high interest expenses over the past few financial years. It has incurred loss of ₹ 1.24 Cr on an operating revenue of ₹ 8.06 Cr in FY19. On account of accumulated loss over the years, the Company's net worth remains negative at ₹ 11.13 Cr in FY18 and deteriorated further to ₹ 12.37 Cr in FY19.

#### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has considered the standalone performance of Sri Vinayaga Green Power Generation Pvt Ltd and has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

#### **RATING SENSITIVITIES**

Going forward, the ability of the Company to improve its capital structure and liquidity position by way of infusing funds while achieving profitability from its business operations and maintain a financial discipline of timely servicing its debt obligations would be the key sensitivities.

**Positive:** The rating may be positively revised if the Company could regularise its debt servicing on a timely basis along with achieving profitability and improve cash accruals.

**Negative:** The rating may be adversely affected if the Company continues to delay in servicing its debt obligations.

#### **LIQUIDITY POSITION**

The liquidity position of the Company is weak as the cash accruals are lower than its debt repayment obligation.

## COMPANY PROFILE

Sri Vinayaga Green Power Generation Pvt Ltd was started on 27th Dec 2012 by Mr.Duraiswamy Vinodh with 6 other people at Namakkal to set up 5 MW PV grid solar power plant in Pachai Perumal Patti town near Trichy at an aggregate cost of Rs.43.07 Crs. The shareholders of the company have leased out their 25 acres of land for a period of 29 years.

Company started commercial operations from Feb 21st 2014. Company entered into a Power Purchase Agreement on 27/3/14 started transmitting power to grid for supply to Agni steels Pvt Ltd from May 15th 2014. This PPA was renewed in May 2015 for three years and subsequently renewed again for next three years in 2018.

Mr. D Vinoth is the managing director of the Company who is a qualified engineer and an MBA from CARDIFF University, UK. His other six family members are Directos, taking care of different activities of the Company.

## KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY18	FY19
Result Type		Audited	Provisional
Revenue	₹ Cr	4.93	8.06
EBITDA	₹ Cr	4.67	4.42
PAT	₹ Cr	(1.31)	(1.24)
Tangible Net worth	₹ Cr	(11.13)	(12.37)
Total Debt/Tangible Net worth	Times	(3.35)	(2.56)
Current Ratio	Times	1.16	0.85

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NIL**  
**NON-COOPERATION WITH PREVIOUS RATING AGENCY: None**

## RATING HISTORY

Facilities	Current Rating (2019)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	21.09.2017	22.06.2016	18.02.2015
Fund Based	Long Term	15.80	<b>BWR C (Downgraded)</b>	<b>BWR B+ Stable Issuer not Cooperating</b>	<b>BWR B+ Stable</b>	<b>BWR B+ Stable</b>
Total		15.80	INR Fifteen Crores and Eighty Lakhs Only			

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

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Sri Vinayaga Green Power Generation Pvt Ltd

**ANNEXURE I**

**Details of Bank Facilities rated by BWR**

<b>Name of the Bank</b>	<b>Type of Facilities</b>	<b>Long Term (₹ Cr)</b>	<b>Short Term (₹ Cr)</b>	<b>Total (₹ Cr)</b>
Canara Bank	Term Loan	15.80	-	15.80
TOTAL				15.80

**Total Rupees 15.80 Crores only.**

**For print and digital media**

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**DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is”



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