

NOVEMBER 16, 2016

CARE ASSIGNS 'CARE A (SO)' RATING TO BANK FACILITIES OF AXIS WIND FARMS (MPR DAM) PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities [^]	652.50	CARE A (SO) [Single A (Structured Obligation)]	Assigned
Total Facilities	652.50 (Rupees Six Hundred Fifty Two crore and Fifty lakh only)		

[^]Backed by unconditional and irrevocable corporate guarantee of Greenko Energies Private Limited (GEPL; rated 'CARE A'). However, Lenders may consider release of Corporate Guarantee after meeting the following conditions

- a. Satisfactory performance of 2 years after the Commercial Operations Date (COD)
- b. Execution of Power Purchase Agreement (PPA) with Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) for entire capacity of the project at a preferential tariff of Rs.4.83 per unit or higher
- c. Borrower maintaining minimum credit rating of BBB on a standalone basis
- d. The borrower achieving and maintaining minimum DSCR and average DSCR as per the terms of base case plan
- e. Creation and perfection of security interest on the security as per the terms of rupee term loan agreement and other finance documents.

Rating Rationale

The rating assigned to the bank facility of Axis Wind Farms (MPR Dam) Private Limited (AWFPL) takes into account the credit enhancement in the form of unconditional and irrevocable corporate guarantee extended by Greenko Energies Private Limited (GEPL; rated 'CARE A').

The rating assigned to the bank facility of Greenko Energies Private Limited takes into account change in parentage at its ultimate holding company level with majority of stake being held by Cambourne Investment Pte. Limited (an affiliate of Government of Singapore Investment Corporation), infusion of equity by the promoters, group's significant increase in operational capacity resulting in considerable increase in the generation of power which translated in improvement in the total operating income during FY15 (refers to the period April 1 to March 31) at consolidated level.

The rating continues to derive strength from the experience of the promoters, established track record of the group in owning and operating diversified portfolio of renewable energy assets, strong ability of the group to access international debt market and economic benefits thereof, experience in executing large scale renewable energy projects, moderate capital structure, availability of the long-term off-take arrangement for most of the operating and under construction projects and positive long-term demand outlook for the power sector.

The rating is, however, constrained by decline in profit margins in FY15, project implementation risk related to various under construction projects and large debt-funded capex.

Timely execution of the existing construction phase projects without any cost/time overrun, timely realization of the receivables from Discoms along with improvement in financial risk profile will be the key rating sensitivities.

Background

Incorporated in August 2011, AWFPL is a step-down subsidiary of Greenko Energies Private Limited (GEPL, rated 'CARE A'). The company is promoted by Greenko Group for setting up a 100MW (2*50MW) wind power project in Anantapur District of Andhra Pradesh. The project comprises 50 Wind Turbine Generators (WTG) of Gamesa Model-G114 (2 MW each). Total project cost is estimated to be Rs.870 crore (Rs.8.70 crore per MW), which is being financed in Debt Equity

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Ratio of 75:25 with debt of Rs.652.50 crore and equity of Rs.217.50 crore. Project is currently under the implementation phase and Commercial Operations Date (COD) is envisaged by March 2017. AWFPL entered into fixed price, fixed-time equipment supply and erection contract with Gamesa Wind Turbines Private Limited (GWTPL). AWFPL entered into Power Purchase Agreement (PPA) with Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) on July 20 2016 for a period of 25 years from COD at a tariff of Rs.4.84/unit.

As on August 31, 2016, AWFPL incurred total cost of Rs.300.10 crore (35% of the total project cost of Rs.652.50 crore) which has been funded by the promoters contribution of Rs.129.70 crore (60% of the total promoter contribution) and debt of Rs.170.40 crore.

About the Guarantor (Greenko Energies Pvt. Ltd.)

Greenko Group was founded in 2006 by Mr Anil Kumar Chalamalasetty and Mr Mahesh Kolli. Greenko Energies Private Limited (GEPL) is a wholly-owned subsidiary of Greenko Mauritius Ltd. (Greenko Mauritius) which in turn is a subsidiary of Greenko Energy Holdings (GEH). GEH, the ultimate holding company of the Group. Cambourne Investment Pte. Limited (an affiliate of Government of Singapore Investment Corporation (GIC)) and Greenko Ventures Limited (a company in which the founders have beneficial interest) hold equity stake of 84% and 16%, respectively, as on December 31, 2015. Greenko group owns and operates renewable energy plants in India through GEPL. GEPL is the holding and funding arm for all the projects under various subsidiary companies; and also has two 6 MW operating biomass power plants in India. Greenko group is one of the leading operators of clean energy projects in India. The group has diversified portfolio of wind, run-of river hydropower, biomass and Low Sulphur Heavy Stock (LSHS) assets. As on January 31, 2016, the group has 36 operational power projects housed under various SPVs with an aggregate capacity of 952.05 MW (as compared with 715 MW as on September 30, 2014). Of these 10 are wind power projects, 19 are hydro power projects, while 7 being biomass which is inclusive of 1 LSHS-based power projects. The group has 1014 MW projects under construction out of which 740 MW are wind projects and 274.10 MW being hydro power projects.

In FY15, GEPL at consolidated level has PBILDT of Rs.516.08 crore on a total operating income of Rs.725.21 crore. GEPL incurred net loss of Rs.66.08 crore in FY15.

During 9MFY16 (Prov.), GEPL at consolidated level registered PBILDT of Rs.649.44 crore and PAT of Rs.95.04 crore on a total operating income of Rs.788.44 crore.

Analyst Contact

Name: Mr. Vidhyasagar L

Tel: 040 4010 2030

Cell: + 91 88018 80184

Email: vidhya.sagar@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com

Mr. Saikat Roy

Mobile: + 91 98209 98779

E-mail: saikat.roy@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691