

MAY 20, 2016

CARE REVISES THE RATING ASSIGNED TO BANK FACILITIES OF RAYALASEEMA WIND ENERGY COMPANY PRIVATE LIMITED

Ratings

| Facilities | Amount (Rs. crore) | Ratings ¹ | Remarks |
|--|---|---|--|
| Long-term Bank Facilities [^] | 56.89 | CARE A (SO) [Single A (Structured Obligation)] | Revised from CARE A- (SO) [Single A Minus (Structured Obligation)] |
| Total Facilities | 56.89 (Rupees Fifty Six crore and Eighty Nine lakh only) | | |

[^] Backed by unconditional and irrevocable corporate guarantee of Greenko Energies Private Limited (rated 'CARE A').

Rating Rationale

The rating assigned to the bank facility of Rayalseema Wind Energy Company Private Limited takes into account the credit enhancement in the form of unconditional and irrevocable corporate guarantee extended by Greenko Energies Private Limited.

The revision in 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

Rayalseema Wind Energy Company Private Ltd is an SPV promoted by Greenko Group to set up a 10-MW Wind Power Project in Anantapur District of Andhra Pradesh. The project involves installation of 5 wind turbine generators of 2 MW each of Gamesa make. The total cost of the project is Rs.74 crore funded through debt equity mix of 2.32:1. The project had achieved COD in May 2015.

About Guarantor

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, is a newly formed subsidiary of Cambourne Investment Pte. Limited (Cambourne) an affiliate of Government of Singapore Investment Corporation (GIC).

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

Cambourne 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 to 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 1,014 MW projects under construction out of which 740 MW are wind projects and 274.10 MW being hydro power projects.

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

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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.

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