

OCTOBER 15, 2015

## CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF

### RENEW WIND ENERGY (RAJKOT) PVT LIMITED

#### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	267.36 (reduced from 299.86)	CARE A- [Single A Minus]	Revised from CARE BBB+ [Triple B Plus]
<b>Total Facilities</b>	<b>267.36</b> <b>(Rupees Two Hundred Sixty Seven crore and Thirty Six lakh only)</b>		

#### Rating Rationale

The revision in the rating assigned to the bank facilities of Renew Wind Energy (Rajkot) Pvt Ltd (RWERPL) takes into account the consistent and satisfactory operational performance with generation track record of more than three years of Jasdan project and more than two years for Vaspert project and healthy liquidity being maintained by the company in the form of Debt Service Reserve Account (DSRA) of two quarters of debt servicing as well as additional surplus funds. The rating also factors in comfortable coverage indicators, long-term offtake arrangement through Power Purchase Agreements (PPAs) for the entire capacity with offtakers having relatively better credit profile, diversified revenue profile, experienced O&M contractors, favorable policy framework and demand outlook for renewable energy sector and corporate guarantee provided by Renew Power Ventures Pvt Ltd (RPVPL, rated 'CARE A', 'CARE A1') to cover shortfall in revenue from Renewable Energy Certificates (RECs) and Generation Based Incentives (GBI) for Jasdan project. Furthermore, RWERPL is a wholly-owned subsidiary of RPVPL (one of the leading players in the renewable power sector in India with majority equity stake held by Goldman Sachs group), providing it the advantage of resourceful promoter group and strong management.

The rating is, however, constrained by vulnerability of the operational performance to climatic conditions and variations in wind speeds, dependence on GBIs and RECs for part of revenue, risks pertaining to new capacity addition and moderately leveraged capital structure.

Going forward, achievement of desired energy generation levels, timely receipt of payment against the sale of power from the offtakers and GBI/RECs, higher than envisaged capex and its impact on the overall capital structure shall remain the key rating sensitivities.

#### Background

RWER, incorporated in August 2011, is a Special Purpose Vehicle (SPV) promoted by Renew Power Ventures Pvt Ltd (RPVPL, rated 'CARE A/CARE A1'). RPVPL in turn is promoted by GS Wyvern Holdings Limited (GS, having majority stake in RPVPL), which is an investment arm of Goldman Sachs Group.

RWER has implemented two wind power projects - at Jasdan (Gujarat) and Vaspert (Maharashtra) with an installed capacity of 25.2 MW (2.1 MW x 12) and 45 MW (1.5 MW x 30), respectively. The Jasdan project commenced commercial operation for the entire capacity in March 2012, while the Vaspert project was commissioned in phases during October

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

2012 – August 2013, with last WTG commissioned on August 6, 2013. The company is supplying power to Gujarat Urja Vikas Nigam Ltd (GUVNL, rated 'CARE A+/CARE A1+') from Jasdan project for 23.1 MW capacity under 25 year Power Purchase Agreement (PPA), while the balance 2.1 MW is tied up with Philips Electronics India Ltd (Phillips) under 13.5 year PPA. The company is supplying entire power from Vaspet project to Maharashtra State Electricity Distribution Company Ltd (MSEDCL) under 13 year PPAs.

For FY15, RWERL reported a PAT of Rs.10.02 crore on total operating income of Rs.80.23 crore as against PAT Rs.9.01 crore on a total operating income of Rs.78.50 crore in FY14. For Q1FY16 (provisional), the company reported PAT of Rs.5.48 crore on a total operating income of Rs.22.81 crore.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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**CIN - L67190MH1993PLC071691**