VENA ENERGY VIDYUTH PRIVATE LIMITED

October 11, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	1,005.46	CARE A-; Stable	Assigned
Short Term Bank Facilities	25.00	CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Vena Energy Vidyuth Private Limited (VEVPL) derive comfort from revenue visibility on account of presence of a long-term power purchase agreement (PPA) at a fixed tariff of Rs 2.99 per unit for its 160 MW hybrid wind/ solar plant with Solar Energy Corporation of India Limited (SECI) for a period of 25 years. The project is under advanced stages of construction and is expected to be commissioned by mid of October 2024 as against the scheduled commercial operations date (SCOD) of November 07, 2024. The SCOD was extended in the past on account of delay in tariff approval from CERC/MPERC and delay in commissioning of associated transmission line awarded via competitive bidding. Hence, SCOD is 60 days from GNA effectiveness date as per extension letter by SECI. The commissioning of the entire capacity in a timely manner will be a key credit monitorable. The ratings favourably factor in the company being part of the Vena group which has a long-standing track record in the renewable energy sector. The ratings are also supported by the presence of one quarter of debt servicing reserve account (DSRA) and additional cash reserve account (ACRA).

While the extent of physical and financial progress of the project is satisfactory, the ratings are sensitive to the commissioning as well as stabilisation risk. The ratings are further constrained on account of interest rate fluctuation risk, dependence on climatic conditions and wind patterns. Ability of the project to demonstrate generation in line with P90 PLF estimates shall be a key rating sensitivity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Actual generation being in line with P-90 levels on a sustained basis resulting in improvement in coverage indicators.
- Faster than expected deleveraging of the asset.
- Increase in tariff on account of change in law leading to improvement in debt coverage indicators.

Negative factors

- Delay in commissioning of project as compared to SCOD, adversely impacting the project returns.
- Lower-than-envisaged generation or increase in borrowing cost significantly impacting the coverage indicators.
- Significant deterioration in the credit profile of the promoter or dilution in its support philosophy towards its SPVs.
- Elongated receivables days on a sustained basis adversely impacting VEVPL's liquidity.

Analytical approach: Standalone plus factoring in support from Vena Group which is backed by Global Infrastructure Partners (GIP).

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE Ratings') expectation for the company's commissioning of the capacity along with stabilization of the project. The outlook is supported by satisfactory revenue visibility, given the presence of a long-term PPA and anticipated timely receipt from its off-taker, SECI.

Detailed description of the key rating drivers

Key strengths

Revenue visibility on account of PPA with SECI

VEVPL has signed a PPA for 25 years from COD at a fixed tariff of Rs. 2.99 per unit with SECI for 160-MW capacity, providing revenue visibility. SECI has signed a Power Supply Agreement (PSA) with Madhya Pradesh discoms. CARE notes that the project

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

cost had increased on account of hike in GST rates and imposition of Basic Customs Duty (BCD). As per PPA, these events are covered in Change In Law and the company has received favorable order from CERC on the same in January 2024. Quantum of tariff hike shall be ascertained post verification of documents by offtaker which is under process. Quantum of tariff hike shall be a key rating monitorable.

Strong financial risk profile of the off-taker, SECI

SECI, set up during 2011, is under administrative control of the Ministry of New and Renewable Energy (MNRE) as an implementation and facilitation institution dedicated to solar energy sector. The financial risk profile of SECI is enhanced through strong parentage i.e. Government of India which is 100% owner of SECI. Also, SECI enjoys its strategic role in promoting solar and wind energy sector in India which is a thrust area for GoI.

SECI has been included as a beneficiary in the Tri Partite agreement (TPA) executed between the Central government, State governments and the Reserve Bank of India. The TPA insulates SECI against payment delays by discoms of the signatories. This mechanism will ensure timely payments to the power suppliers by SECI as the TPA mechanism will act as deterrent for the discoms which should ensure their ability to honor the PSAs signed with SECI. SECI is expected to open a letter of credit equal to an average one-month billing as payment security to VEVPL.

Advanced stage of construction mitigates execution risk to a large extent

The SCOD of the project was March 2023 which was extended to December 2023 on account of delay in approval of tariff from CERC/MPERC. The SCOD was further extended to November 06, 2024 (60 days from GNA effectiveness) as per terms of PPA on account of delay in completion of transmission line associated with the project which was awarded via competitive bidding. The project is under trial run of operations and is expected to be achieve COD by mid of October 2024. While there was increase in project cost on account of time extensions, the same was negated to some extent by cost savings and the entire cost overrun has been funded by sponsors. The debt servicing for the project has started in June 2024.

Experienced promoters, part of the Vena Energy group with proven track record in implementation and running of projects in renewable energy sector

VEVPL is part of the Vena Energy group. The group is one of the largest renewable energy producers with over 180 solar and wind projects comprising around 6.5 GW of combined wind and solar projects in operation and under construction and 39 GW of development pipeline with presence around Asia Pacific region in eight countries - Australia, India, Indonesia, Japan, Taiwan, Thailand, Korea and Philippines. Vena Energy India has a portfolio of wind and solar energy generation assets of 876 MW operational capacity. Global Infrastructure Partners (GIP) owns 76% in Vena Energy and 24% is held by China Investment Corporation (CIC) and Public Sector Pension Investment Board (PSP) combined.

Key weaknesses

Project stabilisation risk

The project is under advanced stage of completion and expected to achieve COD by mid of October 2024. Any further delay in receipt of COD letter leading to adverse impact on the project shall be a key monitorable. The ability of the company to demonstrate satisfactory generation track record post COD in line with P90 PLF estimates shall be a key sensitivity.

Refinancing requirement in FY28, repayment started in June 2024

The existing project debt has a door to door tenor of 4 years, with bullet repayment in December 2027 exposing the company to refinancing risk. The ability of the company to secure long-term debt at favorable terms (interest rate, tenor etc) would remain a monitorable.

Debt repayment of the company had started in June 2024. The sanction has stipulated DSRA and ACRA of 1 quarter of debt servicing each which is part of project cost. Part of ACRA was utilized for debt servicing and replaced with non-fund-based limit (SBLC) as per revised financing documents. The company has maintained DSRA and ACRA as loan terms as on date.

Dependence on favourable climatic conditions and wind patterns

Wind projects are exposed to the inherent risk of weather fluctuations, leading to variations in the wind patterns, which affects the plant load factor (PLF). Solar power projects are exposed to variation in solar irradiance, dust and other factors. The revenue of the project is linked to actual generation and any decline in generation may impact the debt coverage indicators.

Interest rate fluctuation risk
The term loan for the project has floating interest rate, thereby exposing VEVPL to the risk of any change in cost factors. The interest cost being the primary cost component on a cash-basis, any adverse movement in interest rates would impact the overall debt-servicing ability of the SPV.

Liquidity: Adequate

The liquidity position of the company is expected to remain adequate with the availability of debt and promoter funding sufficient to commission the project. Post commissioning, the cash flows from operations are expected to be sufficient to cover the debt servicing obligations.

Also, the company is maintaining a debt service reserve account (DSRA) of one quarter of debt servicing and additional cash reserve account (ACRA) of one quarter of debt servicing, which was part of Project cost. The company is maintaining DSRA and ACRA in form of cash/SBLC as on date. In addition to this, VEVPL has fund based working capital limit of Rs.25 crore which remained completely unutilized as on September 30, 2024.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Short Term Instruments
Project stage companies
Infrastructure Sector Ratings
Solar Power Projects
Wind Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

Vena Energy Vidyuth Private Limited is a subsidiary of Vena Energy (India) Renewables II Pte Ltd, Singapore which is held by Vena Energy (India) Holdings Pte Limited (earlier known as Equis Energy) and ultimately by Global Infrastructure Partners. The company is setting up a wind-solar hybrid power project at Gudaddur in Kustagi Taluk, Koppal district in Karnataka, with aggregate capacity of 165.20 MW (133.2 MW wind and 32 MW solar) and contracted capacity of 160 MW. The PPA has been signed for 160-MW capacity of the project with SECI at a tariff of Rs 2.99 per unit for tenure of 25 years from COD.

Brief Financials: Not Applicable as it is a project stage entity.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - ST-Bank Overdraft		-	-	-	25.00	CARE A2
Term Loan-Long Term		-	-	December 2027	1005.46	CARE A-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Term Loan-Long Term	LT	1005.46	CARE A-; Stable				
2	Fund-based - ST-Bank Overdraft	ST	25.00	CARE A2				

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities - NA

Annexure-4: Complexity level of various instruments rated for this company

Sr. No	Name of Instrument	Complexity Level
1	Fund-based - LT-Term loan	Simple
2	Fund-based - ST-Bank Overdraft	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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