CareEdge RATINGS

Greenko Uravakonda Wind Power Private Limited

December 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	509.81	CARE A; Stable	Final Rating Confirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating action on the long-term debt facility of the captioned entity considers execution of the inter-company agreement between 25 entities of the Greenko Group, mentioned in Annexure 6, herein referred to as Greenko's Restricted Group (RG). The said agreement is in line with the proposed terms of the transaction and is characterised by free fungibility of cash flows, t-minus structured payment and invocation mechanism and presence of cross default clause amongst 25 entities in the structure. The arrangement makes them jointly and severally responsible for servicing the debt obligations towards the lender. The agreement is unconditional, irrevocable, and valid for the full tenure of the rated debt facilities.

The rating action on the debt facilities of the RG, which is operating a total capacity of 1,242 MW (AC), continues to factor in long track record of ~8 years and satisfactory operating performance as reflected by FY24 PLF of 23.1% vis-à-vis FY23 PLF of 24.3% and improvement in receivable position on an annual basis. The rating is supported by the presence of medium to long-term PPAs for the entire 1,242 MW capacity with multiple central, state, and C&I counterparties. Further, the RG structure also benefits on account of geographical and technological diversification as the assets are spread across 8 states in the country and capacity is split between solar, wind, and hydro.

Moreover, the rating also factors in comfortable debt coverage metrics for the RG, as reflected by average DSCR being above 1.3x for the tenor of the debt. CARE Ratings notes that the financing agreement mandates the entities to maintain two quarters debt service reserve account (DSRA) as well as an additional liquidity reserve amounting to Rs. 100 crore on a consolidated basis. Further, CARE Ratings also takes into cognizance, the stated posture of the Greenko Group towards these entities, as reflected by the presence of promoter undertaking which will remain valid until the final settlement date and cover all operational expenses over and above lender's base case plan.

Nevertheless, the rating strengths are tempered by leveraged capital structure as reflected by Total External Debt/ EBITDA above 6.0x for FY24 end. Further, the RG is exposed to counterparty related risks as ~70% of the capacity under the portfolio is contracted with state discoms which have weak to moderate credit risk profiles. The rating is also constrained on account of vulnerability of cash flows to variations in weather conditions.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achievement of generation levels better than envisaged levels as per CARE Ratings base case on a sustained basis, thereby positively impacting the debt coverage indicators above 1.30x
- Faster than expected deleveraging of the portfolio

Negative factors

- Significant deterioration in the generation profile on a sustained basis or significant increase in debt levels leading to moderation of DSCR below 1.15x
- Elongation in receivable cycle beyond 270 days on a sustained basis
- Weakening of the credit profile of the ultimate parent, i.e., GEPL, or any change in linkages/support philosophy between the parent and entities in the cash pooling mechanism

Analytical approach: Combined Approach

CARE Ratings has applied a combined approach for rating the debt facility of the entity, on account of the presence of inter-company agreement for pooling of surplus cash flows from the individual entities to service shortfall in debt servicing, if any, in

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

any of these entities. The agreement is unconditional, irrevocable, valid for the full tenor of the rated debt facilities and is characterised by the presence of t-minus structured payment mechanism and cross-default clause between all the 25 entities.

In a 'Combined Approach', CARE Ratings evaluates the group of entities as if it were a single entity and combines the financials and business risk profiles of these entities to take a view on the ratings. All the 25 entities are part of the Greenko Group and are engaged in similar lines of business.

Outlook: Stable

CARE Ratings believes that the Greenko RG would continue to benefit on account of long term PPAs for the portfolio under the RG. The operational performance of the assets is likely to remain in line with the existing trend which supports the outlook.

Detailed description of key rating drivers:

Key strengths

Strong and resourceful parentage by virtue of being part of the Greenko Group

Greenko Energy Holdings (GEH) is the ultimate holding company of the Greenko group. The major shareholders in GEH include GIC which holds 58% through its subsidiary Cambourne Investment Pte Ltd, followed by Orix at 20%, ADIA at 14%, and balance 8% is held by the founders Mr Anil Kumar Chalamalasetty and Mr Mahesh Kolli through various entities. The shareholding structure is a credit positive for GEH as it is the only direct renewable energy investment and the only non-real estate company in GIC's portfolio, in which GIC holds a majority stake. GIC is known to be a capital patient investor, and given the nature of company's operations, there is an inherent alignment of interests.

GIC has the maximum board representation at the GEH level with 4 out 13 members being GIC representatives. The other board representatives include ADIA (1), Orix (1), founders (2) and independent directors (5). The major shareholder, GIC, is actively involved in the group's strategy formulation, including investment plans and strengthens the group's corporate governance and risk management practices. GIC continues to be a strategic long-term investor in the platform and its stake is expected to remain above 51% in the group. Moreover, the strong shareholding pattern results in superior financial flexibility for the group and the same is reflected in the track record of the company in raising substantial debt in the international market.

Moreover, the stated posture of the group towards the RG remains strong as reflected by the presence of promoter undertaking which will remain valid until the final settlement date and cover all operational expenses over and above lender's base case plan.

Presence of a cash pooling mechanism for assets under the RG

The 25 SPVs of Greenko Group have formed an RG wherein the entities would be jointly and severally servicing the combined debt obligations. The shortfall in meeting the debt obligations by one entity shall be met through surplus cash flows from the other entities in the structure. The agreement is unconditional, irrevocable, valid for the full tenor of the rated debt facilities and is characterised by the presence of t-minus structured payment and invocation mechanism as well as cross-default clause between all the 25 entities.

Revenue visibility on account of PPAs for the entire capacity

CARE Ratings factors in the presence of medium to long-term PPAs for the entire capacity under the RG with tariffs ranging from Rs. 3.74/kWh to Rs. 5.93/kWh, thereby providing revenue visibility. The cost competitiveness of the RG on a combined basis is moderate as reflected by capacity weighted average tariff of Rs. 4.70/kWh. Further, CARE Ratings notes that ~15% of the capacity is tied up with central counterparties, viz SECI, NTPC etc.

Long track record along with satisfactory generation performance

The operational track record of the RG varies between 4.8 to 12.2 years, with entire capacity having a weighted average track record of around 8 years. On an overall basis, the generation performance of the portfolio stood at 23.1% for FY24 vis-à-vis 24.3% for FY23.

Improving collection cycle on account of discoms clearing long standing dues

The counterparty credit risk profile of the RG is moderate, as major proportion of the capacity is tied up with state discoms. On an average, the debtor days witnessed a steady decline since FY23, as reflected by debtor days of 227 as on FY24 end as against 282 days as on FY23 end and 365 days as on FY22 end. The improvement is primarily on account of discoms opting for EMI scheme and clearing dues in certain specified number of instalments. Moreover, the current billing is serviced regularly, with payments being cleared in 60-90 days of raising an invoice for all the SPVs.

Key weaknesses

Leveraged capital structure of the RG; albeit moderately comfortable debt coverage metrics

The capital structure of the RG is leveraged as reflected by Total External Debt/EBITDA of 6.4x as on FY24 end. Going forward, the metric is expected to moderate and remain rangebound within 5.8x and 6.1x over the course of next two years. Nonetheless, the debt protection metrics for the RG are expected to remain comfortable as reflected by a cumulative DSCR being above 1.3x for the tenor of the debt. Further, CARE Ratings notes that the financing agreement mandates the entities to maintain two quarters debt service reserve account (DSRA) as well as an additional liquidity reserve amounting to Rs. 100 crore on a consolidated basis providing additional comfort from a credit perspective.

Moderate financial risk profile of off-takers

The RG is exposed to counterparty related risks as ~70% of the capacity under the portfolio is contracted with state discoms which have moderate to weak credit risk profiles. Nonetheless, the current receivable cycle remains comfortable as the payments are being cleared within 60-90 days of raising an invoice for almost all the off takers along with clearing of past dues. Going forward, CARE Ratings expects the collection cycle to remain rangebound within 60-90 days for regular billing and the pending dues to be cleared over the near to medium term. Any significant deterioration in the same regard would be a key credit monitorable.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one part in nature, the company may book lesser revenues in the event of non-generation of power due to variation in weather conditions and/or equipment quality. This in turn would affect its cash flows and debt servicing ability.

Liquidity: Adequate

The liquidity of the RG is adequate, as reflected by free cash and bank balances of around Rs. 780 crore as on October 2024 end. Going forward, CARE Ratings expects the generation performance of assets to be in-line with the existing trend and collections to improve. The internal accruals from the structure are expected to be adequate to service its debt obligations.

As per CARE Ratings' base case, gross cash accruals (GCA) for FY25 and FY26 is expected to be rangebound between Rs. 363 crore to Rs. 425 crore as against the annual repayments of Rs. 242 crore and Rs. 334 crore respectively.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
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

Uravakonda, incorporated on July 27, 2015, is a wholly owned subsidiary of Greenko Renewable Power Private Limited (GRPPL, rated CARE A+; Stable). The company is operating a 100.80 MWAC wind power plant in the state of Andhra Pradesh, India, and has signed a long-term PPA with APSPDCL for a period of 25 years, at a fixed tariff of Rs. 4.84 per unit. The project achieved commissioning on Nov 1, 2016 and thus, has an operational track record of ~8 years.

Financial Performance: Combined

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (P)
Total operating income	1,237	1,219
PBILDT	1,064	997
PAT	-73	-74
Overall gearing (times)	6.2	6.3
Interest coverage (times)	1.6	1.5

A: Audited P: Provisional; Note: these are latest available financial results

Financial Performance: Uravakonda (Standalone)

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (P)
Total operating income	107.7	120.4
PBILDT	89.2	96.9
PAT	-14.3	-1.1
Overall gearing (times)	4.2	3.9
Interest coverage (times)	1.5	1.7

A: Audited P: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term		-	-	Mar 31, 2038	509.81	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	509.81	CARE A; Stable	1)Provisional CARE A; Stable (03-Oct-24)	-	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities in the co-obligor structure

S.No.	Entity	Abbreviation
1.	Animala Wind Power Private Limited	Animala
2.	Skeiron Renewable Energy Kustagi Private Limited	Kustagi
3.	Greenko Shanay Renewables Limited	Shanay
4.	Greenko Bercha Wind Power Private Limited	Bercha
5.	Greenko Jaisalmer Wind Energy Private Limited	Jaisalmer
6.	Greenko Maha Wind Energy Private Limited	Maha
7.	Greenko DND Wind Power Private Limited	DND
8.	Greenko Mamatkheda Wind Private Limited	Mamatkheda
9.	Greenko Uravakonda Wind Power Private Limited	Uravakonda
10.	Greenko Agar Wind Power Private Limited	Agar
11.	Vyshali Energy Private Limited	Vyshali
12.	Greenko Saroja Renewables Private Limited	Saroja
13.	Jilesh Power Private Limited	Jilesh
14.	Achintya Solar Power Private Limited	Achintya
15.	Vishvarupa Solar Power Private Limited	Vishvarupa
16.	Suvarchas Solar Power Private Limited	Suvarchas
17.	Grinibhrit Solar Power Private Limited	Grinibhrit
18.	Zuka Power Private Limited	Zuka
19.	Greenko Charanka Solar Energy Private Limited	Charanka
20.	Greenko Suvaan Energy Private Limited	Suvaan
21.	SEI Green Flash Private Limited	Green Flash
22.	SEI Sooraj Renewable Energy Private Limited	Sooraj
23.	SEI Solarvana Power Private Limited	Solarvana
24.	SEI Sunshine Power Private Limited	Sunshine
25.	Everest Power Private Limited	Everest

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.

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About us:
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