

Renew Mega Solar Power Private Limited

June 28, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	252.88	CARE BBB; Stable [Triple B; Outlook: Stable]	Assigned
Total	252.88 (Rupees Two Hundred Fifty Two crore and Eighty Eight lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Renew Mega Solar Power Private Limited (RMSPPPL) derives comfort from experienced and resourceful promoters, satisfactory operating performance of the project since commissioning, long term off-take arrangement in the form of Power Purchase Agreement (PPA) with Northern Power Distribution Company of Telangana Limited (TSNPDCL) for the entire capacity, moderately comfortable debt coverage indicators and proposed Debt Service Reserve Account (DSRA) covering two quarters of debt servicing obligations.

However, the rating is constrained by short track record of operations, counterparty credit risk on account of relatively weak financial profile of the off-taker, susceptibility of power generation to variation in climatic conditions and relatively limited track record of equipment performance in Indian conditions.

Going forward, achievement of envisaged Capacity Utilisation Factor (CUF) levels and timely receipt of payments from the off-taker shall be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced and resourceful promoters

RMSPPPL is promoted by Renew Solar Power Private Limited (RSPPL, 51% shareholding), a wholly owned subsidiary of Renew Power Ventures Private Limited (RPVPL) and Hareon Power Singapore Private Limited (HPS, 49% shareholding). RPVPL is one of the leading renewable power companies in India with operational capacity of over 2 GW, with Mr Sumant Sinha as the founder and CEO. The majority equity stake in RPVPL is held by Goldman Sachs group and is further backed by reputed private equity investors and development finance institutions such as ADB, SACEF, ADIA and JERA. HPS is the solar holding company of the Hareon Group, one of the leading solar crystalline cell and module manufacturers in China.

Healthy generation levels achieved; however, limited track record of operations

The 48 MW project was commissioned in phases, with 24 MW commissioned on February 13, 2017 and 24 MW commissioned on February 21, 2017, ahead of the Scheduled COD (SCOD) of June 6, 2017. The early commissioning incentive, as per the PPA terms, has been billed to the discom and payments against the initial bills are yet to be received. The project has an operational track record of 3 months, with net CUF of 23.48% since commissioning as against the

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

envisaged net CUF of 23.09% (P-90 level) for the full year.

Long-term PPA with TSNPDCL for the entire capacity providing revenue visibility

The company has entered into a long term PPA with TSNPDCL for off-take of the entire capacity at a fixed tariff of Rs.5.5949 per unit for a period of 25 years, which provides long-term revenue visibility.

Moderately comfortable debt coverage indicators

The door to door tenor of the term loan is elongated and the coverage indicators are expected to be moderately comfortable. Furthermore, DSRA comprising two quarter's interest and principal repayments is to be created, with DSRA for 1 quarter being part of the project cost and additional quarter DSRA to be created post 1 year from COD.

Long term O&M agreement with Renew Solar Energy Pvt Ltd (RSEPL)

The solar project is based on crystalline modules, which were sourced from Hareon Solar, while the inverters were procured from Toshiba Mitsubishi Electric Industrial System Corporation (TMEIC). The company has entered into a 5 year O&M contract with RSEPL, which had also undertaken EPC work on the project. The contract has standard clauses about guaranteed performance ratio (PR) and provisions for liquidated damages in case of shortfall in plant availability and/or annual guaranteed PR.

Key Rating Weaknesses

Relatively weak financial risk profile of the off-taker

The company is exposed to credit risk related to sole off-taker TSNPDCL, which has relatively weak financial risk profile.

Exposure to risks related to technology, climate and rooftop risks

Achievement of desired CUF going forward would be subject to changes in climatic conditions, amount of degradation of modules as well as other technological risks.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Rating Methodology - Infrastructure Sector Ratings](#)
[Financial ratios – Non-Financial Sector](#)
[Private Power Producers](#)

About the Company

RMSPPPL is a subsidiary of Renew Solar Power Private Limited (RSPPL, rated CARE A+ (SO); Stable), holding 51% stake and balance 49% stake is held by Hareon Power Singapore Private Limited (HPS, solar holding company of Hareon Group of China). RSPPL is a wholly owned subsidiary of Renew Power Ventures Private Limited (RPVPL, rated 'CARE A+', 'CARE A1+') and is a holding company of the solar assets of the group. RMSPPPL has set up 48 MW solar PV capacity at Village Mandamarri, District Adilabad, Telangana using multi-crystalline silicon technology. The project achieved Commercial Operation Date (COD) in February 2017 (24 MW on February 13, 2017 and 24 MW on February 21, 2017) as against Scheduled COD (SCOD) of June 6, 2017. The project has been set up at a cost of Rs.337.17 crore (Rs.7.02 crore/MW) funded at debt-equity ratio of 3:1. The company is supplying power to TSNPDCL under a 25-year PPA at a fixed tariff of Rs.5.5949/kWh.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Note on complexity levels of the rated instrument: 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.

Analyst Contact:

Name: Mr Gautam Bafna

Tel: 011-45333256

Mobile: +91 9891493443

Email: gautam.bafna@careratings.com

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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/outlooks 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 /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	Sep-2037	252.88	CARE BBB; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	252.88	CARE BBB; Stable	-	-	-	-

CONTACT**Head Office Mumbai****Mr. Mehul Pandya**

Cell: +91-98242 56265

E-mail: mehul.pandya@careratings.com**Mr. Saikat Roy**

Cell: + 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. Deepak Prajapati**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-9099028864

Tel: +91-79-4026 5656

E-mail: deepak.prajapati@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