

Renew Solar Power Private Limited

March 27, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities – Term Loan	186.00	CARE A+(SO); Stable (Single A Plus [Structured Obligation]; Outlook: Stable)@	Assigned
Total	186.00 (Rs. One Hundred and Eighty Six Crore only)		

Details of instruments/facilities in Annexure-1

@Credit enhancement in the form of unconditional & irrevocable Corporate Guarantee from Renew Power Limited (RPL, rated CARE A+; Stable/ CARE A1+)

Detailed Rationale & Key Rating Drivers

The long term rating assigned to the bank facilities of Renew Solar Power Private Limited (RSPPL) factors in unconditional & irrevocable Corporate Guarantee from Renew Power Limited (RPL, rated CARE A+; Stable/ CARE A1+) for an amount aggregating Rs.186 crore.

Detailed Rationale & Key Rating Drivers

Key Rating Strengths

Unconditional and irrevocable Corporate Guarantee from Renew Power Limited: As per the sanctioned terms, the term loan availed by the company for the 50 MW solar project being implemented in the state of Rajasthan is backed by an unconditional and irrevocable Corporate Guarantee from Renew Power Limited (rated CARE A+; Stable/CARE A1+) over the full tenure of the facility. **The Detailed Rationale & Key Rating Drivers of Corporate Guarantee provider (Renew Power Limited, rated CARE A+; Stable/ CARE A1+) is available on our website www.careratings.com.**

Liquidity Analysis: The project is under construction stage, however, the promoter contribution has been brought in full. The liquidity analysis of Guarantor viz. Renew Power Limited is available in their detailed rationale on our website www.careratings.com.

Analytical approach: The facility is backed by an unconditional and irrevocable Corporate Guarantee from Renew Power Limited and same has been factored in as credit enhancement.

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](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

About the Company

RSPPL, incorporated in 2012, is a wholly owned subsidiary of RPL, set up for developing and holding solar power projects directly or through its subsidiaries. As on December 31, 2018, RSPPL has operational solar power capacity of 1.27 GW spread over Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan and Telangana. In addition, RSPPL has 860 MW of solar power projects under implementation or in planning stage, in the states of Rajasthan, Karnataka and Tamil Nadu, which are expected to become operational in the current and upcoming financial years in phases. RSPPL and its wholly owned subsidiary ReNew Solar Energy Private Limited (RSEPL) are also undertaking EPC work for some of the group's solar power projects.

RSPPL is now setting up a 50 MW solar PV Power plant at Bhadla, Bap Tehsil, Jodhpur District, Rajasthan. The company was declared successful bidder in the RFP issued by Solar Energy Corporation of India (SECI) dated June 21, 2017 for development of cumulative capacity of 250 MW in Bhadla Phase IV – Solar park. The company has received the Letter of Intent (LOI) dated March 28, 2018 to develop 50 MW solar power project in the Bhadla solar park.

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

The company has entered into the Power Purchase Agreement (PPA) with SECI to sell the power. The company signed PPA at a tariff of Rs.2.49/Kwh for 25 years period. As per PPA, the project is proposed to be commissioned by April 27, 2019.

The said project is envisaged to be set-up at a project cost of about Rs.248.37 crore (Rs.4.96 crore/MW) and proposed to be funded via term debt of Rs.186.00 crore and equity of Rs.62.37 crore (debt-equity ratio of 2.98:1).

Brief Financials – RSPPL Standalone (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	95.42	233.36
PBILDT	15.99	51.86
PAT	-0.12	-37.02
Overall gearing (times)	0.48	0.90
Interest coverage (times)	0.84	0.65

A: Audited

About the Guarantor

Renew Power Limited (RPL, erstwhile Renew Power Ventures Private Limited), founded by Mr Sumant Sinha in 2011, and is engaged in renewable power generation business (wind and solar power). While the majority of the projects are under special purpose vehicles (SPVs) which are its wholly-owned/majority-owned subsidiaries, the company also has 483.3 MW of wind power capacity directly under itself in the states of MP, Gujarat and Rajasthan out of which 250 MW is under implementation by the company.

In FY12, Goldman Sachs group, through its investment arm, GS Wyvern Holdings Limited (GSH), invested US\$ 250 million of equity funds in RPL. Subsequently, other investors, Asian Development Bank (ADB), South Asia Clean Energy Fund (SACEF), Abu Dhabi Investment Authority (ADIA), Jera Co. Inc (Jera) Canada Pension Plan Investment Board (CPPIB) have made significant investment and also GSH has participated in further rounds of equity fund raising by the company. GSH holds majority stake in the company, while other investors and Mr Sumant Sinha are minority shareholders.

Also, in March 2018, RPL completed the acquisition of Ostro's 1.1 GW renewable portfolio (Actis backed renewable energy platform).

As on December 2018, with the commissioned renewable power capacity of around 4.1 GW spread over Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Andhra Pradesh, Telangana and Karnataka states, the company has established itself as one of the largest renewable energy players in India. Also, the company has a large pipeline of under implementation and planned projects in both solar and wind power segments aggregating more than 2.3 GW.

Brief Financials – RPL Consolidated (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	1507.08	2708.57
PBILDT	1273.68	2241.08
PAT	50.94	52.01
Overall gearing (times)	2.15	3.16
Interest coverage (times)	1.59	1.48

A: Audited

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.

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

About CARE Ratings:

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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	-	-	Dec-19	186.00	CARE A+ (SO); 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Debentures-Non Convertible Debentures	LT	200.00	CARE A+ (SO); Stable	1)CARE A+ (SO); Stable (18-Feb-19)	1)CARE A+ (SO); Stable (01-Mar-18)	1)CARE A+ (SO); Stable (16-Dec-16) 2)CARE A+ (SO) (14-Nov-16) 3)Provisional CARE A+ (SO) (17-Oct-16)	-
2.	Debentures-Non Convertible Debentures	LT	100.00	CARE A+ (SO); Stable	1)CARE A+ (SO); Stable (18-Feb-19)	1)CARE A+ (SO); Stable (01-Mar-18)	1)CARE A+ (SO) (16-Dec-16)	-
3.	Commercial Paper	ST	65.00	Provisional CARE A1+ (SO)	1)Provisional CARE A1+ (SO) (18-Feb-19) 2)Provisional CARE A1+ (SO) (10-Oct-18) 3)Provisional	-	-	-

					CARE A1+ (SO) (18-Sep-18) 4)Provisional CARE A1+ (SO) (04-Sep-18) 5)Provisional CARE A1+ (SO) (16-Jul-18)			
4.	Commercial Paper	ST	55.00	Provisional CARE A1+ (SO)	1)Provisional CARE A1+ (SO) (18-Feb-19) 2)Provisional CARE A1+ (SO) (26-Dec-18) 3)CARE A1+ (SO) (04-Sep-18)	-	-	-
5.	Commercial Paper	ST	30.00	CARE A1+ (SO)	1)CARE A1+ (SO) (18-Feb-19) 2)CARE A1+ (SO) (26-Dec-18) 3)CARE A1+ (SO) (18-Sep-18)	-	-	-
6.	Commercial Paper	ST	100.00	Provisional CARE A1+ (SO)	1)Provisional CARE A1+ (SO) (18-Feb-19) 2)CARE A1+ (SO) (26-Dec-18) 3)CARE A1+ (SO) (10-Oct-18)	-	-	-
7.	Fund-based - LT-Term Loan	LT	186.00	CARE A+ (SO); Stable	-	-	-	-

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