

### Renew Solar Power Private Limited

6 April, 2020

#### Ratings

S. No.	Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
1	Long-term Instruments – Non Convertible Debentures – I	200.00	CARE A+ (CE); Stable [Single A plus (Credit Enhancement); Outlook: Stable]*	Reaffirmed
2	Long-term Instruments – Non Convertible Debentures - II	-	-	Withdrawn**
3	Short-Term Instrument- Commercial Paper	250.00	Provisional CARE A1+ (CE); Stable [Provisional A One Plus (Credit Enhancement)]#	Reaffirmed
4	Long Term Bank Facilities – Term Loan	-	-	Withdrawn**

*Details of instruments/facilities in Annexure-1*

\*NCD backed by unconditional and irrevocable corporate guarantee provided by Renew Power Private Limited [RPPL (erstwhile Renew Power Limited), rated CARE A+; Stable/ CARE A1+] and a structured payment mechanism.

#The commercial paper issue is proposed to be backed by unconditional and irrevocable corporate guarantee to be provided by Renew Power Private Limited [RPPL (erstwhile Renew Power Limited), rated CARE A+; Stable/ CARE A1+] and structured payment mechanism.

\*\*CARE has withdrawn the rating assigned to the Non-Convertible Debentures issue viz. NCD-I (Rs.100 crore) and bank facility (term loan) of Renew Solar Power Private Limited with immediate effect, as the company has fully repaid the amounts under the said NCDs and bank facility and there is no amount outstanding under the NCDs and term loan.

**Unsupported Rating <sup>2</sup>**

**CARE A (Single A)/CARE A1 (A One)**

*Note: Unsupported Rating does not factor in the explicit credit enhancement*

#### Detailed Rationale & Key Rating Drivers for the credit enhanced debt

The rating assigned to the NCD (Sr. No. 1) of Renew Solar Power Private Limited (RSPPL) continues to factor in the credit enhancement in the form of unconditional and irrevocable corporate guarantee provided by RPPL and a structured payment mechanism. The ratings assigned to the proposed Commercial Paper (Sr. No. 3) issue of Rs. 250 crore of Renew Solar Power Private Limited (RSPPL) continues to factor in credit enhancement in the form of proposed unconditional and irrevocable corporate guarantee provided by RPPL and structured payment mechanism. Also, CARE has withdrawn the outstanding ratings of 'CARE A+ (CE); Stable [Single A plus (Credit Enhancement); Outlook: Stable]' assigned to the NCD issue (Sr. No. 2) and bank facilities (Sr. No. 4) of Renew Solar Power Private Limited with immediate effect. The above action has been taken at the request of RSPPL and 'No Dues Certificate' received from the lender/Debenture Trustee that have extended the facilities rated by CARE.

#### Detailed Rationale & Key Rating Drivers of Renew Power Private Limited

The detail rationale of the corporate guarantee provider, Renew Power Private Limited is available on [www.careratings.com](http://www.careratings.com)

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

<sup>2</sup> As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019. As per this circular, the suffix 'CE' (Credit Enhancement) is assigned to the ratings with explicit external credit enhancement, against the earlier used suffix 'SO' (Structured Obligation).

### Key Rating Drivers of Renew Solar Power Private Limited

The unsupported standalone ratings assigned to instruments of RSPPL continues to derive strength from experienced & strong promoter viz. RPPL backed by strong investors with majority shareholding with Goldman Sachs, established track record of Renew group in the renewables segment being one of the largest player in India, . The ratings also derive comfort from long-term revenue visibility arising out of long-term power purchase agreements (PPAs) for operational capacity of the group under various subsidiaries, satisfactory operational track record of the operational portfolio aggregating to around 2.1 GW at RSPPL consolidated level as well as the company's strategy to maintain liquidity specifically to meet any contingencies in its operational projects.

The ratings are, however, constrained by increased counterparty credit risks with around 60% of operational capacity tied-up under long-term PPAs with various state utilities having relatively weak financial profile, large expansion plans to increase the installed power capacity leading to sizeable capital requirement as well as exposure to inherent project implementation and stabilization risks, although partly mitigated by satisfactory track record of raising funds by the promoter RPPL, and relatively short execution cycle of setting up renewable energy projects.

The ratings are also tempered by various NCDs and bank facilities issued at RSPPL and SPV levels, short-to-medium track-record of operations of a significant portion of the operational capacity, regulatory and policy risk, interest rate fluctuation risk, dependence on climatic conditions for power generation. Additionally, payment patterns from majority of the state discoms is expected to be uncertain and erratic given current disruption in Indian power sector due to COVID-19 pandemic related national level lock down significantly impacting the power demand across India. Though the renewable energy projects enjoy a 'must-run' status, timely receipt of payments would be crucial from cash flows perspective.

### Key Rating Sensitivities

The key rating sensitivities for the rating assigned to RSPPL's facility/Instrument shall be in-line with key rating sensitivities of the corporate guarantee provider viz. RPPL.

### Detailed description of the key rating drivers

#### Key Rating Strengths

**Structured Payment Mechanism for NCD's:** In order to ensure that the Issuer is able to make payments to the Debenture Holders and the Debenture Trustee of amounts due on any relevant Debenture Payment Date, the Issuer (RSPPL) hereby unconditionally and irrevocably agrees and undertakes that it shall deposit into the Designated Bank Account, all Amounts Due or payable on any Debenture Payment Date, at least 2 (two) Business Days prior to such Debenture Payment Date, together with evidence, satisfactory to the Debenture Trustee, evidencing such deposit of all Amounts Due. Failure of the Issuer to make payments into the Designated Bank Account as mentioned above shall constitute an Event of Default. Upon the occurrence of the said Event of Default, the Debenture Trustee shall, on the date falling 2 (two) Business Days prior to the Debenture Payment Date, (and without prejudice to any other rights and remedies available to the Debenture Trustee and the Debenture Holders under the Debenture Trust Deed and other Debenture Documents, any other contracts or agreements or applicable Laws or in equity or otherwise) enforce its rights under this Guarantee and make a demand under this Guarantee and call upon the Guarantor for payment of the Amounts Due. The Guarantor hereby unconditionally and irrevocably agrees and undertakes that upon any such demand, the Guarantor shall, without any demur or protest or contest, without any reference to the Issuer and without raising any objection or issue whatsoever, make payments of all such Amounts Due as demanded by the Debenture Trustee, to the Debenture Holders and the Debenture Trustee, on the Debenture Payment Date.

**Unconditional and irrevocable Corporate Guarantee of Renew Power Limited:** The instruments (NCD) availed by the company are backed by unconditional and irrevocable Corporate Guarantee from Renew Power Private Limited (rated CARE A+; Stable/CARE A1+) till the full tenure of the facility.

**Proposed Structured Payment Mechanism for CP's:** As per the proposed structure, in the event the borrower (RSPPL) does not on or before 12 noon deposit in and pay the total amount due under the Facility in the Designated Account of the IP Agent 2 business days prior to the redemption date of commercial paper, in such case, the Guarantor (RPL) shall deposit in and pay the total amount due under the Facility in the Designated Account of the IPA 1 Business Day prior to the Redemption Date before 12 noon. In case the Guarantor fails to deposit the total amount due under the facility in the Designated Account of IPA 1 Business Day prior to the redemption date before 12 noon, then IP Agent

shall immediately invoke the guarantee. Upon invocation of guarantee, the Guarantor has to deposit the total amount due under the Facility in the Designated Account of IPA by end of 1 Business Days prior to the Redemption Date. In case of inability of the Guarantor to fund the IPA account by end of 1 (one) Business Days prior to the Redemption Date IPA shall declare the event of default.

**Unconditional and irrevocable Corporate Guarantee of Renew Power Private Limited:** The instruments proposed to be availed by the company are proposed to be backed by unconditional and irrevocable Corporate Guarantee from Renew Power Private Limited (rated CARE A+; Stable/CARE A1+) till the full tenure of the facility.

**Detailed description of the key rating drivers of Renew Power Private Limited**

The detail rationale of the corporate guarantee provider, Renew Power Private Limited is available on [www.careratings.com](http://www.careratings.com)

**Liquidity: Adequate**

The liquidity analysis of Corporate Guarantor (Renew Power Private Limited) is available in their detailed rationale on our website [www.careratings.com](http://www.careratings.com)

**Analytical approach:** CARE has taken into consideration the fact that NCD's are backed by unconditional and irrevocable corporate guarantee provided by Renew Power Private Limited [RPPL (erstwhile Renew Power Limited), rated CARE A+; Stable/ CARE A1+] and a structured payment mechanism. Further the proposed Commercial paper issue of Rs. 250 crore is proposed to be backed by unconditional and irrevocable corporate guarantee provided by RPPL and a proposed structured payment mechanism. Accordingly, the ratings of RSPPL are driven by the ratings of corporate guarantor viz. RPPL. Analytical approach of RPPL is consolidated.

For unsupported rating: Standalone along with factoring in RPPL support

**Applicable Criteria**

[CARE's methodology for Infrastructure sector ratings](#)

[Criteria on assigning Outlook and Credit Watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

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

[Criteria for Short Term Instruments](#)

[Criteria for assignment of Provisional Ratings](#)

[Rating Methodology: Solar Power Projects](#)

[CARE's methodology for private power producers](#)

[Financial Ratios – Non-Financial Sector](#)

**About the Credit Enhancement provider – Renew Power Private Limited**

Renew Power Private Limited (RPPL, erstwhile Renew Power 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 66.70 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 RPPL. 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. In June 2019, three of the existing investors infused USD 300 million (~Rs2100 crore) of fresh equity in RPPL. GSH holds majority stake in the company, while other investors and Mr. Sumant Sinha are minority shareholders. Also, in March 2018, RPPL completed the acquisition of Ostro's 1.1 GW renewable portfolio (Actis backed renewable energy platform).

As on February, 2020 with the commissioned renewable power capacity of around 5.43 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 2.60 GW

The detail rationale RPPL is available on [www.careratings.com](http://www.careratings.com)

Brief Financials of RPPL is available on [www.careratings.com](http://www.careratings.com)

**About the Company – Renew Solar Power Private Limited**

Renew Solar Power Private Limited (RSPPL), incorporated in June 2012, is a wholly owned subsidiary promoted by RPPL set up for developing and holding solar power projects directly or through its subsidiaries (excluding Rooftop projects). As on January, 2020, RSPPL has operational solar power capacity of 2081 MW spread over Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan and Telangana. In addition, RSPPL has 1515 MW of solar power projects under implementation or in planning stage, in the states of Rajasthan, Gujarat and Uttar Pradesh, 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. While the equipment's are generally procured directly by the respective SPVs, RSPPL and RSEPL undertake civil and balance of plant works. RSPPL also earns revenue through management services to its subsidiaries, which it outsources to RPL. Additionally, RSPPL has set up a around 320 MW of projects directly under itself which are fully operational as on March 2020.

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

Brief Financials – RSPPL Standalone (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	233.36	198.93
PBILDT	51.86	95.10
PAT	(36.02)	(37.89)
Overall gearing (times)	0.90	1.56
Interest coverage (times)	0.65	0.69

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

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	-	0.00	Withdrawn
Un Supported Rating						CARE A
Debentures-Non Convertible Debentures	INE139S07017	November 01, 2016	12.41%	November 1, 2022	200.00	CARE A+ (CE); Stable
Debentures-Non Convertible Debentures					0.00	Withdrawn
Commercial Paper		-	-	-	250.00	Provisional CARE A1+ (CE)
Un Supported Rating		-	-	-	0.00	CARE A1

**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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017

1.	Debentures-Non Convertible Debentures	LT	200.00	CARE A+ (CE); 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	-	-	-	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+ (CE)	1)Provisional CARE A1+ (CE) (30-Aug-19)	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+ (CE)	1)Provisional CARE A1+ (CE) (30-Aug-19)	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	Provisional CARE A1+ (CE)	1)Provisional CARE A1+ (CE) (30-Aug-19)	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+ (CE)	1)Provisional CARE A1+ (CE) (30-Aug-19)	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	-	-	-	1)CARE A+ (SO); Stable (27-Mar-19)	-	-
8.	Un Supported Rating	LT	0.00	CARE A	-	-	-	-
9.	Un Supported Rating	ST	0.00	CARE A1	-	-	-	-

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities**

Name of the Instrument	Detailed explanation
<b>A. Financial covenants</b>	
<ul style="list-style-type: none"> <li>➤ Consolidated Net Debt/ Cons. EBITDA</li> <li>➤ Operating Net Debt/Operating EBITDA</li> <li>➤ [Operating Net Debt + Non-project related corporate debt]/Operating EBITDA</li> <li>➤ Standalone Net Debt/Standalone Tangible Networth</li> <li>➤ Non-Project Related corporate debt</li> </ul>	<p>For each financial year the issuer shall procure that RPPL shall, at all the times until the final settlement date, maintain the financial covenants at the base value:</p> <ul style="list-style-type: none"> <li>• Not exceeding 7 times till June 30, 2020</li> <li>• Not exceeding 5.75 times</li> <li>• Not exceeding 6.50 times</li>   <li>• Not exceeding 3.0 times</li>   <li>• No increase from Rs. 37 crore as of May 31, 2019 till minimum equity raise of Rs. 9.60 core After minimum Rs. 9.6 core equity raise amount, Non-Project related corporate debt shall not exceeds Rs. 4,000 crore till June 30, 2020. After June 30, 2020, Non-Project related corporate debt shall not exceed 50% of standalone net worth.</li> </ul>
<b>B. Non-financial covenants</b>	
<b>Restricted Payments</b>	Upon the occurrence of an event of default and during its subsistence , the issuer shall not take any action in relation to any authorization, declaration, or payment of any dividends (either in cash or property) or distribution or return on equity shares or preference shares or other instruments convertible to equity shares/preference shares to the issuer.
<b>Security Interest</b>	The Issuer shall not create, incur, assume or suffer to exit any security interest on or in respect of any of the secured property, except permitted security interest.

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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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 the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at**

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