

## Renew Solar Power Private Limited

August 30, 2019

### Rating

Facilities	Amount (Rs. crore)	Ratings	Rating Action
Commercial Paper	30	<b>Provisional CARE A1+ (CE)* (Provisional A One Plus [Credit Enhancement])</b>	<b>Revised from CARE A1+ (SO) (A One Plus [Structured Obligation])</b>
Commercial Paper	220	<b>Provisional CARE A1+ (CE)* (Provisional A One Plus [Credit Enhancement])</b>	<b>Reaffirmed</b>

*Details of instruments/facilities in Annexure-1*

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

### Detailed Rationale & Key Rating Drivers

The ratings assigned to the Commercial Paper issue of Rs. 220 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 RPL and structured payment mechanism.

Further, CARE revises the rating assigned to Rs.30 crore commercial paper issue following fall off of Corporate Guarantee after redemption of said CPs. The rating of Rs.30 crore commercial paper issue is now provisional and will be confirmed once the company submits copy of executed unconditional and irrevocable corporate guarantee by RPL to the satisfaction of CARE.

### Detailed description of the key rating drivers

#### Key Rating Strengths

**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 Limited:** The facility/ instruments proposed to be availed by the company are proposed to be backed by unconditional and irrevocable Corporate Guarantee from Renew Power Limited (rated CARE A+; Stable/CARE A1+) till 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](http://www.careratings.com).**

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

**Analytical Approach followed:** CARE has taken into consideration the fact that the Commercial paper issue of Rs. 250 crore is proposed to be backed by unconditional and irrevocable corporate guarantee provided by Renew Power Limited [RPL (erstwhile Renew Power Ventures Private Limited), rated CARE A+; Stable/ CARE A1+] and a structured payment mechanism.

### Applicable Criteria

[Criteria for Short Term Instruments](#)  
[Criteria on assigning Outlook to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[Rating Methodology - Infrastructure Sector Ratings](#)  
[Financial ratios – Non-Financial Sector](#)  
[Rating Methodology - Private Power Producers](#)  
[Rating Methodology: Factoring Linkages in Ratings](#)  
[Criteria of Rating Credit Enhanced Debt](#)

### 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, 2018, RSPPL has operational solar power capacity of 1241 MW 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, Maharashtra 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. While the equipment's are generally procured directly by the respective SPVs, RSEPL and RSSPL undertake civil and balance of plant works. RSSPL also earns revenue through management services to its subsidiaries, which it outsources to RPL.

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 June 2019, with the commissioned renewable power capacity of around 4.6 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 2.9 GW.

Brief Financials – RPL Consolidated (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	2708.57	4790.20
PBILDT	2241.08	4157.30
PAT	52.01	103.00
Overall gearing (times)	3.16	3.76
Interest coverage (times)	1.48	1.55

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	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Commercial Paper	-	-	-	65.00	Provisional CARE A1+ (CE)
Commercial Paper	September 05, 2018	8.82%	December 24, 2018	55.00	Provisional CARE A1+ (CE)
Commercial Paper	September 19, 2018	8.82	December 24, 2018	30.00	Provisional CARE A1+ (CE)
Commercial Paper	December 10, 2018	8.75%	28/12/2018	100.00	Provisional CARE A1+ (CE)

#### 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+ (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+ (CE)	-	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+ (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)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+ (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	-	1)CARE A+ (SO); Stable (27-Mar-19)	-	-

**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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### About CARE Ratings:

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