



## Renew Wind Energy (Shivpur) Private Limited

Instrument	Amount in Rs. Crore <sup>^</sup>	Rating Action
		<b>March 2014</b>
Term Loan	244.00	[ICRA]BBB (stable) <i>assigned</i>

ICRA has assigned a long-term rating of [ICRA]BBB (pronounced ICRA triple B) to the Rs. 244.00 crore term loan of Renew Wind Energy (Shivpur) Private Limited (RWESPL)<sup>†</sup>. The outlook on the long term rating is 'stable'.

The assigned rating derives support from the satisfactory long-term demand outlook of the renewable energy sector with continuance of power deficit scenario in the country. The assigned rating also reflects the successful commissioning of the 49.50 MW wind based project at Vaspeta (District Sangli, Maharashtra) in September 2013 and satisfactory generation record since commissioning. The assigned rating factors in strengths derived from the company being a wholly owned subsidiary of Renew Power Ventures Private Limited (RPVPL), which in turn has been promoted by GS Wyvern Holding Limited (GSWHL), an investment arm of Goldman Sachs Group Inc. In this context, ICRA takes note of RPVPL's managerial and execution strengths as demonstrated by its operational capacity of 457 MW and adequate progress in achieving key milestones for under execution capacity. RPVPL has secured equity of USD 385 million (USD 320 million equity has been infused till March 2014) from GSWHL for setting up wind based power projects in India. ICRA also notes that the company has availed financing at satisfactory terms from its lenders, including a ballooning repayment structure, twelve month moratorium period and long tenure of repayment.

However, these strengths are tempered by the company's exposure to off-take risks with the Power Purchase Agreement (PPA) yet to be signed for 19.5 MW generation capacity (Out of total 49.50 MW). Further, the company will remain exposed to operating risks which are typical to wind energy projects. These include vulnerability of the company's debt servicing ability to inherent seasonality of generation and possible variance in wind-power density across the years given that revenues are linked to actual units generated and exported. Nevertheless, ICRA expects the presence of a cash DSRA account (equivalent to 3 months interest and repayment to be generated via project cash flows within 6 months from COD and a further 6 months interest and repayment within 9 months) to partly mitigate these risks. ICRA draws comfort from a corporate guarantee from RPVPL covering the availed term loan, which is valid till completion of two years of operations from COD or achieving a CUF equivalent to generation at P90 wind conditions for one full year of operation, whichever is earlier. ICRA has also taken note of the support extended by RPVPL to the company via equity infusion (as share application money) for meeting debt servicing obligations.

### Company Profile

Incorporated in September 2011, Renew Wind Energy (Shivpur) Private Limited (RWESPL) is a project SPV promoted by Renew Power Ventures Private Limited (RPVPL) to set up and operate a 49.50 MW wind based power plant in Vaspeta, Maharashtra (District Sangli).

The project comprises thirty three 1.5 MW Vensys-82 WTGs supplied by Regen Powertech Private Limited (Regen). The development and execution was carried out by Regen, with which the company has also signed an agreement for comprehensive O&M services for a term of ten years. The company progressively commissioned the generation capacity between April and September 2013. Further, the construction of related evacuation infrastructure is complete. The company has signed a long term power purchase agreement with MSEDCL for 30 MW generation capacity till March 2014. The total project cost of the power plant was Rs. 325.70 crore (or Rs. 6.58 cr/MW), financed via term loan of Rs. 244.00 crore and equity of Rs. 81.70 crore (Debt:Equity ratio of 75:25).

**March 2014**

<sup>^</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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