

Renew Wind Energy (Shivpur) Private Limited

Instrument	Amount Rated	Rating Action
	In Rs. Crore	As of March, 2016
Long Term Fund Based Limits	231.55	[ICRA]BBB(Stable); <i>Reaffirmed</i>
Long Term Fund Based Limits	28.45	[ICRA]BBB(Stable); <i>Assigned</i>
Total	260.0	

ICRA has re-affirmed its long-term rating of [ICRA]BBB(pronounced ICRA triple B) to the Rs 231.55 crore long term fund based limits of Renew Wind Energy (Shivpur) Private Limited (RWESPL). ICRA has also assigned its rating of [ICRA]BBB to the Rs 28.45 crore long term fund based limits of REWSPL. The outlook on the long term rating is Stable.

ICRA's rating reaffirmation takes into account the strength derived from the company being a wholly owned subsidiary of Renew Power Ventures Private Limited (RPVPL) which is promoted by GS Wyvern Holding Limited (GSWHL), an investment arm of Goldman Sachs Group, Abu Dhabi Investment Authority, Asian Development Bank and Global Environment Fund. ICRA notes that PLF levels in 9mFY16 have picked up substantially as compared to the levels in FY15, which were depressed on account of fire damage to evacuation infrastructure. Further, the SPV has refinanced the existing term loan at better terms. The rating reflects the presence of clear warranties and liquidated damage clauses from the company's EPC and O&M contractor, Regen Powertech Pvt Ltd. Rating also takes comfort from the presence of long term PPA signed with a strong counterparty, MSEDCL, creation of 2 quarter DSRA and presence of GBI benefits.

Despite the positives, credit concerns arise as RWESPL has availed a top up debt of ~Rs 37 crore by monetizing the cash flows of the existing project which has increased the gearing of the company. The aforementioned debt is being used to part fund a new wind project in Andhra Pradesh. The rating is constrained due to execution risk of setting up a greenfield project but the same is partly mitigated by the experience and track record of the group in setting up such projects, presence of reputed contractor for EPC and O&M, acquisition of land, receipt of all approvals and signing of PPA with the state discom. The rating is also constrained as payments have not been received by MSEDCL since Jun, 2015 leading to an elongated payment cycle. Finally, despite an improvement in PLFs in the current year, the full year average PLF level is expected to stay below the P-90 level partly due to maintenance work undertaken by the company in September, 2015

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 company progressively commissioned the generation capacity between April and September 2013, and has signed a long term power purchase agreement with MSEDCL for its entire generation capacity.

The company is also setting up a new wind power project of 44.1 MW in Elutela, Anantpur district, Andhra Pradesh. Suzlon Energy Ltd is the EPC/O&M and the project is being set up at a cost of Rs 320 crore in a debt:equity ratio of 75:25. The expected COD is October, 2016.

RWESPL is a 100% subsidiary of RPVPL which is further promoted by GSWHL, an investment arm of Goldman Sachs Group, Abu Dhabi Investment Authority, Asian Development Bank, Global Environment Fund and Mr Sumant Sinha. In October, 2015, RPVPL received its fourth round of funding taking the total equity funding the company to USD 655 mn.

Recent Results

The company reported an operating income (OI) of Rs 44.50 crore and a net loss of Rs 4.66 crore in 2014-15, as compared to an OI of Rs 40.0 crore and a net profit of Rs 1.20 crore in the previous year. The company, on a provisional basis, reported an OI of Rs 53.69 crore and a net profit of Rs 14.27 crore for 9mFY2015-16.

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