



Green Infra Wind Energy Limited

Instrument	Amount Rated	Rating Action
	In Rs. Crore	As of September, 2015
Term Loan	304.10	[ICRA]A(Stable); <i>upgraded</i>
Fund based limits	15.00	[ICRA]A(Stable); <i>upgraded</i>
Total	319.10	

ICRA has upgraded the ratings for Rs 304.10 crore* term loan and Rs 15.0 crore fund based limits of Green Infra Wind Energy Limited (GIWEL) to [ICRA]A (pronounced ICRA A) from [ICRA]A- (pronounced ICRA A minus)†. The rating carries a Stable outlook.

The rating revision factors in the change in ownership of Sembcorp Green Infra Ltd (SGIL; erstwhile Green Infra Ltd) which is its ultimate parent company and has 100% indirect equity stake in GIWEL. The rating revision also factors in the improvement in SGIL's capital structure following fresh infusion of equity by Sembcorp which has led to an improvement in its capital structure. ICRA expects GIL and its subsidiaries, such as GIWEL, to benefit from the strong managerial and operational expertise of SembCorp which has operational assets of 8200 MW globally. The rating continues to factor in steady improvement in PLFs and additional revenues from sale of CERs which has resulted in significant improvement in GIWEL's profits and cash accruals with PAT doubling from Rs. 4.37 crore in FY 2013 to Rs 9.61 crore in FY 2014. In addition ICRA takes note of the performance of the new 43.5 MW capacity in Bhud (Maharashtra) has been higher than estimates and the Power Purchase Agreement (PPA) has been signed at an attractive tariff of Rs 5.81 per unit which has led to healthy growth in revenues and profitability in FY15. Despite this debt funded capex, the gearing of the company continues to remain low at 1.14 times as on March 31, 2015. The rating is further supported by GIWEL's considerable track record of superior operating performance (PLFs consistently higher than P-90 estimates) and adequate liquidity of the SPV as reflected by sufficient cash and liquid investments over and above the requirement of debt service recovery account (DSRA). Further, the operational projects of the SPV are located at four different locations which hedges against variability in wind speed in any one region. The PPAs have also been signed with two different counterparties namely Bangalore Electricity Supply Company Ltd. (BESCOM) and Maharashtra State Electricity Distribution Company Limited (MSEDCL) which helps diversify the counterparty credit risks. The rating factors in satisfactory tariffs that GIWEL has tied up with the respective state power utilities as per long-term PPAs. ICRA also draws comfort from the provision for clear guarantee of performance and adequate compensation against damages from the equipment suppliers cum O&M contractors, namely Regen Powertech Limited, Vestas Wind Technology India Pvt. Ltd and Suzlon Energy.

The rating is, however constrained by the fact that the wind power business is highly capital intensive and with PLFs being moderate. The rating takes into consideration the fact that tariffs are one-part and hence linked to actual generation, thereby exposing the company to variations in wind conditions. The rating also factors in the vulnerability of the company's profitability and cash flows to adverse movements in the interest rates (as there is a reset clause every two years for a substantial part of the company's total borrowing programme) and also to credit risks arising out of exposure to state utilities which have a modest credit profile.

About the Company

Green Infra Wind Energy Limited (GIWEL) is an SPV which is a 100% indirect subsidiary of Sembcorp Green Infra Limited (SGIL). SGIL and its wholly owned subsidiary Green Infra Wind Assets Limited (GIWAL) together hold 100% shareholding in GIWEL which owns operating wind farms at four sites – two in Maharashtra (districts Dhule and Budh) and two in Karnataka (Bharmasagar and Telagi, both in district Davangere). The total capacity of these plants is 142.9 MW.

* 100 lakh=1 crore= 10 million

† For complete rating and definitions please refer to ICRA's website www.icra.in or any of the ICRA Rating Publication



British Petroleum (BP) sold its 100% subsidiary namely BP Energy India Private Ltd (BPEIPL), since renamed GIWEL, in India to SGIL as part of an exercise to consolidate renewable energy assets across the world and increase its focus on its thriving wind farm business in the USA. GIWEL has recently added 43.5 MW wind power capacity in Bhud, Maharashtra with capital costs of Rs 284.0 crore. The plant has signed PPA with MSEDCL at a tariff of Rs 5.81 per unit and was commissioned in phases in March 2014.

Recent Results

During FY15, GIWEL reported a net profit of Rs 36.92 crore on an operating income Rs 137.36 crore as against a net profit of Rs 9.61 crore on an operating income of Rs 96.19 crore during FY14.

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