

July 10, 2019

## Mytrah Vayu (Tungabhadra) Private Limited: Update on material event

### Summary of rating action

Instrument*	Rated Amount (Rs. crore)	Rating Action
Fund-based - Term Loan	983.54	[ICRA]BBB- (Negative); Outstanding
Fund-based - Overdraft	43.00	[ICRA]BBB- (Negative); Outstanding
Unallocated	7.46	[ICRA]BBB- (Negative); Outstanding
<b>Total</b>	<b>1034.00</b>	

### Material Event

The Government of Andhra Pradesh issued a notification forming a high-level negotiation committee (HLNC) to review, negotiate and bring down the cost of wind and solar power purchase agreements (PPAs) tied-up by the state distribution utilities (discoms). The functions of the committee include a) to review the high cost wind and solar agreements, b) to negotiate and bring down the prices of wind and solar power PPAs and c) to make suitable recommendations. The committee is to be guided by the lowest wind and solar power rates in the corresponding years, prevailing rates and opportunity cost of power purchase for the discoms.

### Impact of Material Event

The 148.9-MW wind power project of Mytrah Vayu (Tungabhadra) Private Limited (MVTPL) is located in Andhra Pradesh and has a long-term PPA with Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL; one of the two state-owned distribution utilities of Andhra Pradesh) for its entire capacity at the approved feed-in tariff rate. The move by the state government to negotiate signed PPAs, if implemented, would have an adverse impact on the credit profile of MVTPL. However, in ICRA's opinion, unilateral modification of the PPAs is likely to be subjected to legal challenges. On the other hand, reluctance shown by the State Government of Andhra Pradesh to honour the PPAs may aggravate the payment delays for wind and solar IPPs in the state including for MVTPL.

ICRA would continue to monitor the developments related to the PPA negotiation and payments from APSPDCL, and take appropriate rating action, post analysing the impact on MVTPL's financial risk profile.

The previous detailed rating rationale is available on the following link: [Click here](#)

## ANALYST CONTACTS

**Sabyasachi Majumdar**  
+91 124 4545304  
[sabyasachi@icraindia.com](mailto:sabyasachi@icraindia.com)

**Girishkumar Kadam**  
+91 22 6114 3441  
[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Vikram V**  
+91 40 40676518  
[vikram.v@icraindia.com](mailto:vikram.v@icraindia.com)

## RELATIONSHIP CONTACT

**L Shiva Kumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited

### Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: [info@icraindia.com](mailto:info@icraindia.com)

Website: [www.icra.in](http://www.icra.in)

### Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

### Branches

Mumbai + (91 22) 24331046/53/62/74/86/87  
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,  
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,  
Bangalore + (91 80) 2559 7401/4049  
Ahmedabad+ (91 79) 2658 4924/5049/2008  
Hyderabad + (91 40) 2373 5061/7251  
Pune + (91 20) 2556 0194/ 6606 9999

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