

**CARE/HO/RR/2018-19/2390**

**Ms. Kao Jiun Soon**  
**Assistant General Manager – Finance**  
**GP Wind (Jangi) Private Limited**  
22<sup>nd</sup> Floor, Wisma Genting  
28, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

January 31, 2019

Dear Madam,

**Credit rating of GP Wind (Jangi) Private Limited for NCD of Rs. 289 crore**

Please refer to our rating letter dated December 25, 2018 on the above subject.

2. The rationale for the rating(s)/grading(s) is attached as an **Annexure-I**.
3. We request you to peruse the annexed document(s) and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by **February 4, 2019**, we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,



**Ritika Paresh Shah**  
Analyst  
[ritika.shah@careratings.com](mailto:ritika.shah@careratings.com)

Yours faithfully,



**Viren Rajendra Shah**  
Associate Director  
[viren.shah@careratings.com](mailto:viren.shah@careratings.com)

Encl.: As above

**Annexure-I**  
**Rating Rationale**  
**GP Wind (Jangi) Private Limited**

**Rating**

Instrument	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Non-Convertible Debentures@	289.00 (300.00)	CARE AA-(SO); Stable [Double A Minus(Structured Obligation); Outlook: Stable]	Reaffirmed

*Details of instrument in Annexure-1*

@ If any of the facility(ies) is/are guaranteed by another company or backed by letter of comfort or any other external support, specify the details of facilities which are covered by external support and mention name of support provider.

**Detailed Rationale & Key Rating Drivers**

The rating reaffirmation to Non-Convertible Debentures (NCDs) of GP Wind (Jangi) Private Limited (GPW) derives significant comfort from the credit enhancement in the form of a robust Trustee monitored Structured Payment Mechanism (SPM) incorporating adequate liquidity reserves combined with an unconditional and irrevocable Sponsor Support Undertaking (SSU) by holding company Genting Energy Limited (100% subsidiary of Genting Berhad) and Letter of Comfort from the ultimate holding company, Genting Berhad. GPW enjoys strong parentage with experienced management team. The SSU is being extended towards funding shortfall arising out of higher than budgeted Operation & Maintenance (O&M) expenses and Tax expenses, and Letter of Comfort from Genting Berhad (ultimate holding company) conveying commitment to maintain indirect majority ownership in GPW are credit strengths.

The rating also factors positively, project's more than six years of operational track record, a 25 -year Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam limited ("GUVNL" rated CARE AA-; Stable/CARE A1+) having comfortable credit profile and track record of timely payments along with long term Operation and Maintenance (O&M) agreement with Vestas Wind Technology India Private Limited (VESTAS).

The aforesaid rating strengths are however partially offset by susceptibility of GPW's operating performance to variability in wind patterns and climatic conditions.

The ability of the company to maintain PLFs at a sustainable level, timely receipt of payment from the off-taker, adherence to SPM and variation in the credit profile of the credit enhancement providers constitute the key rating sensitivities.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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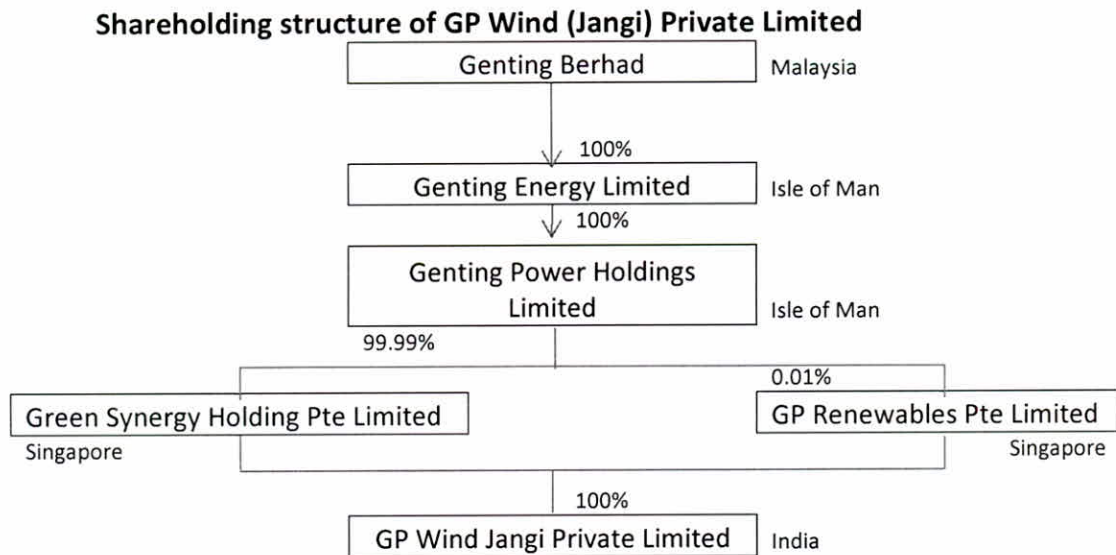


## Detailed description of the key rating drivers

### **Strong Parentage with experienced management team**

GPW has a strong promoter, as the principal shareholder is Green Synergy Holdings Pte Limited, which is a subsidiary of Genting Berhad. The Genting Group comprises the holding company Genting Berhad, its listed subsidiaries Genting Malaysia Berhad, Genting Plantations Berhad and Genting Singapore PLC, as well as its wholly owned subsidiary, Genting Energy Limited. The Group is involved in leisure, hospitality, oil palm plantations, power generation, oil and gas, property development, life sciences and biotechnology activities, with operations spanning across the globe, including in Malaysia, Singapore, Indonesia, India, China, the United States of America, Bahamas and the United Kingdom. Genting Energy Limited comprises the power and oil & gas business activities of the Group which is a 100% subsidiary of Genting Berhad. Its net attributable operating capacity is 964MW.

The financial position of Genting Berhad has been strong with total revenue of RM 20,020 million (~Rs. 31,591 crore) and profit after tax of RM 3,243 million (~Rs. 5,117 crore) in calendar year 2017. The shareholding structure of GPW is as under:



### **Credit enhancement in form of Sponsor Support Undertakings**

For the issuance of the debentures, Genting Group has provided the following comfort/credit enhancements:

- i. Sponsor Support Undertaking provided by Genting Energy Limited (100% subsidiary of Genting Berhad) which covers the O&M Cost Overrun, Tax Shortfall, Shortfall in debt servicing arising out of higher than budgeted O&M and Tax expenses
- ii. Letter of Comfort provided by Genting Berhad (the ultimate holding company of Genting Group) for full tenure of NCDs, which further provides support and credit comfort.

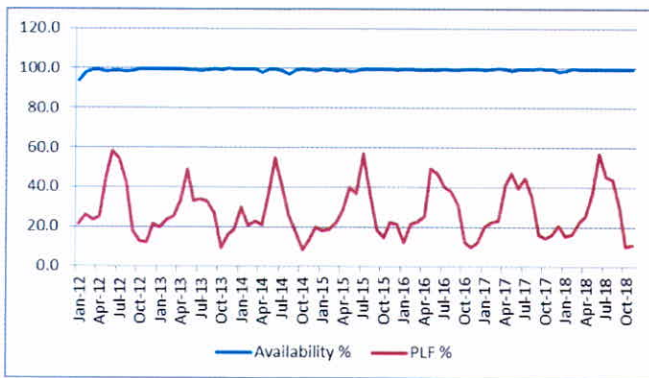
### **Robust Trustee monitored Structured Payment Mechanism**

All proceeds of the GPW (whether in respect of the Project or otherwise) is deposited into the escrow account and subject to the waterfall which prioritises payment towards statutory dues, O&M expenses followed by scheduled debt servicing and maintenance of stipulated reserve creations like

Debt Service Reserve Account(DSRA) and Refinance Reserve Account (RRA). Payments from the Surplus Account are permissible only once every year post the Company satisfying the Debenture Trustee that no Cash Trap Trigger has been breached (or would be breached as a result of such payment). The company maintains DSRA equal to the aggregate of redemption amount and interest payable over a period of succeeding six months and fund Refinance Reserve Account which shall be adequate to cover the last installment in the year FY32.

**Operational power project with track record of more than 6.5 years**

The operational 91.80 MW capacity of GPW, corresponding to 51 WTGs, was completed at a total cost of Rs. 688 crore. The project was executed by Vestas Wind Technology India Private Limited (VESTAS) on turnkey basis, which is also undertaking O&M. VESTAS has more than 35 years of experience in pioneering wind energy in various markets and has a global reach in 76 countries on six continents. The project was fully commissioned on December 23, 2011. Since then, it has achieved average PLF of 28.73% for the period Jan 2011 - October 2018 as against the P90 level of 23.28%. The company has been consistently achieving PLF of above P50 level. The Plant load factor and the Plant Availability factor since COD is tabulated below:



Period	Availability %	PLF %
Jan 12 - Dec 12	98.42	30.30
Jan 13 - Dec 13	99.41	27.03
Jan 14 - Dec 14	98.99	26.14
Jan 15 - Dec 15	99.16	28.18
Jan 16 - Dec 16	99.35	29.40
Jan 17 - Dec 17	99.36	28.62
Jan 18 – Oct 18	99.44	31.44
<b>Average</b>	<b>99.16</b>	<b>28.73</b>

Source: Company

**Long-term PPA entered with GUVNL which has strong financial risk profile and a track record of timely payment**

The company has signed a PPA with GUVNL to supply 91.8 MW power for a period of 25 years at Rs.3.56/unit. GUVNL has granted a 'Must-Run' Status to GPW subject to the emergency conditions (Must Run Status shall mean Project shall not be directed by GUVNL to shut down or backed down due to variations in the generation/consumption patterns or any commercial parameters, merit order dispatches or existence/apprehension of any other charges or levies related to dispatch or incidental thereto except Force Majeure Events and Emergency).

GUVNL is the sole off taker and in case GUVNL repudiates the PPA, it shall be liable to make payments within 30 days from the date of termination notice given by the power producer (GPW) to GUVNL towards the compensation equivalent to three years billing based on the first year's tariff considered on normative PLF as considered by Gujarat Electricity Regulatory Commission (GERC), while determining the tariff. In such a case, GPW will be able to sell the produced power at market rates. While GUVNL is the sole buyer of power, it has a healthy financial risk profile, and the tariff is

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also competitive. In the last 2.5 years, GUVNL has started payments in around 5-7 days from the invoice date, which is well before the due date, as reflected below:

Period	Receivable Days (Gap between Receipt date & Invoice date)
CY12	10
CY13	29
CY14	32
CY15	30
CY16	8
CY17	6
10MCY18	6

Therefore, the off-take/counterparty risk can be considered low, especially given strong credit profile of GUVNL.

***Moderate debt coverage indicators***

The overall gearing ratio improved from 6.43x in FY16 to 1.76x in FY18 (refers to period between April 01 to March 31), mainly on account of reduction in debt as the company had refinanced the loans with new debt and gains arising from currency swap contract. The company received gains of Rs. 99 crore from unwinding the currency swaps, which was used for debt reduction.

***Long term O&M agreement with VESTAS albeit relatively high O & M cost***

The company has entered into a 7 year O&M contract commencing October 4, 2010 with VESTAS extendable up to 15 years to avail the services for operating and monitoring the performance of the equipment and maintenance. Recently, Vestas and company had renegotiated the O&M agreement. As per the revised projections shared by the company based on latest renewal quote received from Vestas, the O&M cost in FY20 would be revised to Rs. 25 lakh per WTG (leading to an increase in projected O&M cost from Rs.9.38 crore to Rs. 15 crore in FY20) , with a 5% increase in the cost every year. CARE believes the same is relatively on the higher side compared to other industry players. Although the increase in O&M costs is only by 5% and the company will be able to meet these additional costs, the presence of Sponsor Support Undertaking towards O&M shortfall is a suitable risk mitigant and a significant credit positive.

***Stable Industry prospects with government impetus on capacity addition; however, concern on delay in revenue realization from Discoms and strengthening of evacuation infrastructure remains***

The Indian renewable energy sector is the fourth most attractive renewable energy market in the world. The country ranks fourth in the world in terms of total installed wind power capacity. Encouraging policy framework in renewable energy (RE) sector has resulted in rising share of installed capacity of RE from 5.9% of total energy capacity (approximately 7.7 GW of 132 GW) as on March 31, 2007, to around 21% (approximately 69.02 GW of 327 GW) as on March 31, 2018. Though FY18 has seen subdued addition to wind capacity addition because of transition from feed-in-tariff-based (FiT) mechanism to auction based mechanism along-with discontinuation of Generation Based

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Incentive (GBI). However, wind power continues to dominate the share of RE capacity in India at about 34.05 GW as on March 31, 2018, forming around 58% of total RE capacity and is expected to increase to 60GW as the government plans to increase the overall RE capacity to 175 GW by 2022. Given there is continued emphasis by the government to increase capacity addition in the sector, moderation in competitive intensity with the auction based mechanism combined with established technology and faster and modular nature of implementation, the outlook is stable for the wind power sector. Nonetheless, inadequate grid connectivity on account of poor evacuation infrastructure, delays in land acquisition, high wheeling charges and open access charges levied in some states besides the weak financial risk profile of Discoms remain key concerns.

***Operating performance highly dependent on climate and wind density***

Wind projects are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns which affect the PLF. The wind farms enjoy higher PLF during the months of May-Aug while the period from Sept to Nov witnesses low PLFs. Wind projects are subject to loss in PLF owing to several meteorological phenomena collectively called wind shear. Magnitude of loss due to wind shear depends on site surrounding ground cover, trees, topographic features such as hills and valleys. The PLF for the wind power generators are inherently low and may fluctuate depending upon the climatic conditions. But, so far, the net generation level has been above P50 levels for the last 4 years.

**Analytical approach:**

The analytical approach encompasses assessment of Standalone financials while taking cognizance of sponsor support undertaking from Genting Energy Limited and Letter of Comfort from Genting Berhad.

**Liquidity Analysis:**

As on November 30, 2018, GPW has cash at bank of Rs. 112.71 crore, in the form of fixed deposits (FDs). Out of the said balance in FDs, Rs. 20.49 crore is towards maintenance of DSRA reserve (six months principal and interest) and Rs. 0.50 crore will be utilized towards creating Refinance reserve on December 31, 2018. Further, the company generates cash flow from operations of Rs. 40 crore – Rs. 60 crore per year. The company has to make payment of Rs. 36.6 crore towards principal and interest repayment of debt in the coming financial year.

**Applicable Criteria**

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Rating Methodology: Factoring Linkages in Ratings

Financial ratios – Non-Financial Sector

Rating methodology for private power producers

**About the Company**

Incorporated on 13 September 2010, GP Wind (Jangi) Private Limited (GPW) is a special purpose vehicle promoted by Genting Berhad, Malaysia, has set up a 91.8 MW wind based power project at

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Jangi, Kutch District, Gujarat, India. It is Genting Group's first renewable project in India. The Project consists of 51 Wind Turbine Generators (Vestas V100) with capacity of 1.8MW each, installed with 95m hub height. The project was commissioned between August and December 2011. The Company owns and operates the project, generates and sells electricity generated from the 51 turbines. Commercial Operation Date (COD) of the last Wind Turbine Generator (WTG) was on 23 December 2011. The total cost of the project is Rs. 688 crore with a total debt of Rs. 452 crore and equity of 236 crore i.e. a debt to equity ratio of 1.92x. Thus cost per WTG was at Rs. 13.49 crore and cost per MW was Rs. 7.49 crore.

The Company signed a long term 25 years Power Purchase Agreement ("PPA") with Gujarat Urja Vikas Nigam limited ("GUVNL" rated CARE AA-; Stable/A1+) in August and September 2011, where GUVNL undertakes to purchase the entire electricity generated by the Project @ Rs. 3.56/unit expiring in 2036.

### Financial Performance:

(Rs. crore)

<i>For the period ended / as at March 31,</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
	<i>I-GAAP</i>	<i>I-GAAP</i>	<i>IND AS</i>
	<i>(12m, A)</i>	<i>(12m, A)</i>	<i>(12m, A)</i>
<b><u>Working Results</u></b>			
Net Sales			
Total Operating income	108.97	106.90	84.94
PBILDT	89.75	65.27	29.38
Interest	39.06	36.11	30.25
Depreciation	32.70	30.43	70.29
PBT	13.24	-1.27	-71.16
PAT (after deferred tax)	0.36	-10.29	-79.45
Gross Cash Accruals^	42.71	50.65	35.03
<b><u>Financial Position</u></b>			
Equity Share Capital	250.57	250.57	251.68
Networth	77.98	241.33	162.37
Total Debt	501.39	454.11	285.88
<b><u>Key Ratios</u></b>			
Growth in Total income (%)	13.17	NM	NM
Growth in PAT (after deferred tax) (%)	NM	NM	672.43
PBILDT/Total Op. income (%)	82.36	61.06	34.59
PAT (after deferred tax)/ Total income (%)	0.33	NM	NM
ROCE (%)	8.28	5.34	NM
Average Cost of Borrowings (%)	7.68	7.56	8.18
Debt Equity ratio (times)	6.43	1.88	1.76
Overall gearing ratio(times)	6.43	1.88	1.76
Interest coverage(times)	2.30	1.81	0.97
Term debt/Gross cash accruals (years)	11.74	8.97	8.16
Total debt/Gross cash accruals (years)	11.74	8.97	8.16
Current ratio (times)	1.65	5.64	6.15
Quick ratio (times)	1.65	5.64	6.15
Average collection period (days)	56	64	27
Average inventory (days)	0	0	0

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For the period ended / as at March 31,	2016	2017	2018
	I-GAAP	I-GAAP	IND AS
	(12m, A)	(12m, A)	(12m, A)
Average creditors (days)	40	23	15
Operating cycle (days)	16	42	12

^ Gross Cash Accruals include provision for derivate loss of Rs. 20.93 crore for FY2017 and of Rs. 35.70 crore for FY2018.

A: Audited; NM: Not Meaningful

Note: The financials are classified as per CARE standards

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: Not Applicable**

**Rating History for last three years: Please refer Annexure-2**

**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:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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### Annexure-1: Details of Instrument

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures- Non Convertible Debentures	August 08, 2017	9.25	August 2032	289.00	CARE AA-(SO); Stable

### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Debentures- Non-Convertible Debentures	LT	289.00	CARE AA-(SO); Stable	-	1)CARE AA- (SO); Stable (14-Sep-17) 2)Provisional CARE AA- (SO); Stable (26-Jul-17)	-	-

### Annexure-3: Details of Rated Instruments/Facilities

#### 1. Long-term instrument

#### Non-Convertible Debentures

Sr. No.	Lender	Rated Amount (Rs. Crore)	Remarks
1.	Non-Convertible Debentures	289.00	Repayable in 30 unequal semi-annual instalments up to FY2033.
	<b>Total</b>	<b>289.00</b>	

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