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

May 12, 2020

Dear Ma'am,

Credit rating for outstanding Non-Convertible Debenture issue

Please refer to our letter No. CARE/HO/RL/2019-20/4770 dated March 16, 2020 on the above subject.

1. The rationale for the rating(s) is attached as an **Annexure-I**.

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

Thanking you,

Yours faithfully,

N. Ratnam Raju

Ratnam Raju Nakka
Associate Director
ratnam.nakka@careratings.com

Encl.: As above

Annexure-I

Rating Rationale

G.P. Wind (Jangi) Private Limited

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Non-Convertible Debentures	264 (reduced from 289)	**CARE AA-; Stable (Double A Minus; Stable)**	**Reaffirmed**
Total	264 (Rs. Two hundred sixty four crores only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of long-term rating to instruments of G.P. Wind (Jangi) Private Limited continues to derive strength from structured payment mechanism of receivables from Gujarat Urja Vidyut Nigam Limited (GUVNL, rated CARE AA-; Stable/CARE A1+). Further, the rating continues to derive strength from

well-established promoter group (Genting Berhad), extension of sponsor support undertaking from promoter group, firm long-term power offtake arrangements providing favourable revenue visibility and favourable operational performance albeit Operations & Maintenance (O&M) risk.

However, the rating strength continues to be tempered by dependence on seasonal wind pattern.

Rating Sensitivities

Positive rating sentivities

- *Improvement in debt coverage indicators with Total Debt to GCA below 3.00 times on sustained manner*

Negative rating sentivities

- *Decline in generation from the project below P-90 level on a sustained basis affecting its debt coverage indicators*
- *Deterioration in financial risk profile with overall gearing ratio above 1.30 times on sustained manner*

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Detailed description of the key rating drivers

Well established promoter group (i.e. Genting Berhad) based out in Malaysia

GPWL is part of The Genting Berhad Group. The group is headquartered in the Wisma Genting in Kuala Lumpur, Malaysia. It comprises the holding company Genting Berhad, its listed subsidiaries Genting Malaysia Berhad, Genting Plantations Berhad, Genting Singapore Plc and Genting Energy Limited.

Genting Berhad is principally an investment holding and management company. While the Company was incorporated in 1968 and listed in 1971. The Group is involved in leisure and 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 (the Group's country of origin), Singapore, Indonesia, India, China, the United States of America, the Bahamas, the United Kingdom and Egypt. In the core leisure and hospitality business, the Genting Group and its brand affiliates market and offer a suite of products under a number of premier brands including Genting, Resorts World, Genting Grand, Genting Club, Crockfords, Maxims, Crystal Cruises, Dream Cruises and Star Cruises. The Genting Group also have tie ups with established names such as Universal Studios, Premium Outlets, Hard Rock Hotel, Zouk and other renowned international brand partners.

In the power and oil & gas business activities, Genting Power Holdings Limited (GPHL) spearheads the power businesses of the Genting Group. The division's total gross installed capacity was 5,135 MW as on December 31, 2018 with net attributable operating capacity of 2,097 MW with interests in power plants in Indonesia, China and India.

In India, GPHL has interests in three power plants, namely:

- Jangi wind farm of 91.8 MW capacity in Gujarat with 100% shareholding ;
- Lanco Tanjore power plant of 113 MW in Tamil Nadu with 41.6% shareholding and
- Lanco Kondapalli power plant (comprising 368 MW phase 1, 366 MW phase 2 and 740MW phase 3) in Andhra Pradesh with 15.3% shareholding.

The Genting Group reported revue of RM 20, 853 mn and PAT of RM 2,444 mn for CY18. Overall gearing ratio of the group stood at 0.51 times as on December 31, 2018 as compared to

Extension of sponsor support undertaking and letter of comfort from promoter group

The Genting Group has extended credit enhancement for the NCD issue of the company as under:

i. Sponsor Support Undertaking provided by Genting Energy Limited which takes into account the O&M Cost Overrun, Tax Shortfall, Shortfall in debt servicing arising out of higher than budgeted O&M and Tax expenses and Management Control.

ii. Letter of Comfort provided by Genting Berhad for full tenure of NCDs, which further provides support.

The key points of sponsor support undertaking are mentioned below:

1. **O&M Cost Overrun Shortfall Support:** In the event GPWL determines that there is an O&M cost overrun, it shall utilise available funds in the Escrow Account to meet such O&M Cost Overrun. If available funds in the Escrow Account are insufficient to fully fund the O&M Cost Overrun, GPW and/or Debenture Trustee (acting reasonably at its option if the Issuer fails to provide such notice) shall, within a period of 2 (two) Business Days of determining the O&M Cost Overrun Shortfall, issue a notice to the Sponsor or Debenture Trustee (in case the notice is issued by the Issuer) informing them of such shortfall.

The Sponsor shall provide funds to the Issuer to meet such O&M Cost Overrun Shortfall up to the Maximum O&M Cost Overrun Support Amount within a period of 30 (thirty) days from the date of the O&M Cost Overrun Shortfall Notice. For the avoidance of doubt, funds available in the Surplus Sub-Account may be utilised to satisfy the Sponsor's obligation to provide O&M Cost Overrun Shortfall Support.

2. **Tax Shortfall Support:** In the event any additional income tax including any claims or liabilities under the Indian Income Tax Act, 1961 arising solely from the accounting treatment of the mark to market gain or loss due to the unwinding of the Hedges is imposed on GPWL, the Additional Tax shall firstly be funded by utilising available funds in the Escrow Account. If the available funds in the Escrow Account are insufficient to fully fund the Additional Tax, the GPW and/or Debenture Trustee (acting reasonably at its option if the Issuer fails to provide such notice) shall, within a period of 2 (two) Business Days of determining the Tax Shortfall, issue a notice to the Sponsor or Debenture Trustee (in case the notice is issued by the Issuer) informing them of the Tax Shortfall.

The Sponsor shall provide funds to the Issuer to meet such Tax Shortfall, within a period of 30 (thirty) days from the date of the Tax Shortfall Notice. For the avoidance of doubt, funds available in the Surplus Sub-Account may be utilised to satisfy the Sponsor's obligation to provide Tax Shortfall Support.

3. **Shortfall in debt service resulting from utilisation of funds from Escrow Account:** If funds in the Escrow Account have been utilised to meet O&M Cost Overrun or to meet Additional Tax in any financial year and subsequently, there are insufficient funds in the Debt Service Payment Sub-Account to meet the repayment of redemption installment and coupon due on the Debentures during such financial year ("**Debt Service Shortfall**"), the GPWL and/or Debenture Trustee shall,

within a period of 2 (two) Business Days of determining the Debt Service Shortfall, issue a notice to the Sponsor or Debenture Trustee (in case the notice is issued by the GPW) informing them of the Debt Service Shortfall ("**Debt Service Shortfall Notice**").

4. **Management Control Support:** The Sponsor agrees and undertakes to arrange for a fresh undertaking substantially similar to this Undertaking from the then largest existing shareholder of the GPWL, if:
   a. Sponsor Dilution occurs; and
   b. there is no subsequent downgrade whatsoever in the ratings of the GPWL by any ratings agency within 60 (sixty) days of the occurrence of Sponsor Dilution; and
   c. the Debenture Trustee (acting on behalf of the Majority Debenture Holders) has within 90 (ninety) days of the occurrence of the Sponsor Dilution requested for a fresh undertaking to be furnished from the then largest existing shareholder of the Issuer in a form substantially similar to this Undertaking

Firm long-term power off- take arrangement providing favourable revenue visibility

GPWL continues to have firm long-term power off-take arrangement with GUVNL. The company has signed a PPA with GUVNL to supply 91.8 MW power for a period of 25 years at Rs.3.56 per unit. GUVNL has granted *a Must Run Status to GPWL* 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, GPWL will be able to sell the produced power at market rates.

The company is selling entire power to GUVNL under a long-term PPA. As per the terms of PPA, the due date for payment is 30 days from the receipt of the bill. In case of any delay in payment from the due date, the company is entitled to a late payment surcharge of 7% in excess of SBAR (SBI annual prime lending rate) per annum calculated on a week or part thereof basis.

While GUVNL is the sole buyer of power, it has a healthy financial risk profile, and the tariff is also competitive. The company has been receiving payment of receivable from GUVNL in timer period of 5-7 days. Therefore, the off-take/counterparty risk can be considered low, especially given strong credit profile of GUVNL.

Structured Payment Mechanism of receivables from GUVNL

All proceeds of the GPWL (whether in respect of the Project or otherwise) is deposited into the escrow account and subject to the Structured Payment Mechanism (SPM). As per SPM 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 (RRA) which shall be adequate to cover the last instalment in the year FY32. As on December 31, 2019 DSRA amount created is Rs. 15.90 crore and RRA amount created is Rs. 1.00 crore is created.

Favourable operation performance albeit O&M risk

GPWL reported favourable operational performance in FY19. The company reported average PLF 28.78% on machine availability of 98.88% and grid availability of 99.82% for 12 months period ended on December, 2019. PBILDT levels of the company improved from Rs. 32.29 crore in FY18 to Rs. 69.01 crore in FY19. There was one-time foreign exchange derivative contract loss in FY18 related to hedging of foreign currency loan which was retired through the current NCD issue.

The company has entered into a 7 year Operations & Maintenance (O&M) agreement in October, 2010 with Vestas Wind Technology (I) (P) Ltd. extendable up to 15 years. The agreement includes services for operating and monitoring the performance of the equipment and maintenance. As per the agreement, post completion of free service period, the company is charged O&M charges at Rs. 0.25 crore per machine per annum with an escalation of 5% per annum for 7 years. Thereafter, the escalation would be on cost plus basis. However, in case of any shortfall of funds to meet O&M expenses, the sponsor support undertaking would meet the shortfall accordingly.

Dependence on seasonal wind patterns

Wind farms are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns and velocity which affects the Plant Load Factor (PLF). Generally, the wind farms enjoy higher PLF during May – October (monsoon period) and lower PLFs in the remaining months of the year.

Liquidity:

Liquidity: Superior

Free cash and cash equivalent of GPWL stood at Rs. 90.66 crore as on March 31, 2019. Further, the free cash and bank balance as on February 19, 2020 stood at around Rs. 130.37 crore providing high liquidity comfort. Debtors as on March 31, 2019 stand fully realised. Overall gearing ratio of the company stood at 1.50 times as on March 31, 2019 providing sufficient headroom for any capital expenditure. However, the company does not propose any capital expenditure. DSRA equivalent to six months interest and principal amounting to Rs. 19.14 crore as on February 08, 2020 in form of Fixed Deposit with Bank is in place. CARE continues to consider promoter support undertaking towards meeting any shortfall in O&M cost overrun, tax shortfall, and shortfall in debt servicing arising out of higher than budgeted O&M, tax expenses and management control.

Analytical approach: Standalone

Applicable Criteria
CARE's criteria on assigning Outlook to Credit Ratings
CARE's policy on Default Recognition
Factoring Linkages in Ratings
Financial ratios – Non-Financial Sector
CARE's methodology for Private Power Producers

About the Company-
Incorporated on September 13, 2010, GP Wind (Jangi) Private Limited (GPWL) is a special purpose vehicle promoted by Genting Berhad, Malaysia operates a 91.8 MW wind based power project at Jangi, Kutch District Gujarat India.

Financial Performance:

(Rs. crore)

For the period ended / as at March 31,	*2017 (12m, A)*	*2018 (12m, A)*	*2019 (12m, A)*
Working Results			
Total Operating Income	106.90	84.94	89.53
PBILDT	65.27	32.29	69.02
Interest	36.11	30.25	27.37
Depreciation	30.43	31.62	37.92
PBT	-0.71	-29.38	3.84
PAT (after deferred tax)	-10.29	-37.87	21.76
Gross Cash Accruals	29.72	2.24	41.76
Financial Position			

For the period ended / as at March 31,	*2017 (12m, A)*	*2018 (12m, A)*	*2019 (12m, A)*
Equity Capital	250.57	251.68	251.68
Networth	241.33	162.37	184.12
Total Debt	454.11	285.88	276.51
Total Capital Employed	714.66	475.97	470.43
Key Ratios			
Profitability			
PBILDT/Total Op. income (%)	61.06	38.02	77.09
PAT (after deferred tax)/ Total income (%)	-9.62	-44.58	24.30
ROCE (%)	5.34	0.11	6.60
Solvency			
Debt Equity ratio (times)	1.88	1.76	1.50
Overall gearing ratio(times)	1.88	1.76	1.50
Interest coverage(times)	1.81	1.07	2.52
Term debt/Gross cash accruals (years)	15.28	127.52	6.62
Total debt/Gross cash accruals (years)	15.28	127.52	6.62
Liquidity			
Current ratio (times)	5.64	5.01	4.71
Quick ratio (times)	5.64	5.01	4.71
Turnover			
Average collection period (days)	64	27	0
Average creditors (days)	23	12	18
Operating cycle (days)	42	14	-18

A: Audited   CARE analytically adjusted the financials of the company

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

This follows our Brief Rationale for the entity published on March 20, 2020.

Annexure-1: Details of Facilities

Name of the Instrument	Date of Issuance	ISIN	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	August 08, 2017	INE135Y07013	9.25	August 2032	264.00	CARE AA-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	264.00	CARE AA-; Stable	-	1)CARE AA- (SO); Stable (27-Dec-18)	1)CARE AA- (SO); Stable (14-Sep-17) 2)Provisional CARE AA- (SO); Stable (26-Jul-17)	-

Annexure-3: Details of Rated Facilities: Not Applicable

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. Investors/market intermediaries/regulators or others are welcome to write to 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.

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