CARE/HO/RL/2017-18/2469

**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

September 11, 2017

**Confidential**

Dear Madam,

**Credit rating for Non-Convertible Debentures**

Please refer to our rating letter no. **CARE/HO/RL/2017-18/2054** dated July 24, 2017 assigning Provisional CARE AA-(SO); Stable [Provisional Double A Minus (Structured Obligation) Outlook: Stable] to the aforesaid Non-Convertible Debentures.

2. We are now in receipt of the following documents:
   a. Sponsor Support Undertaking from Genting Energy Ltd dated August 3, 2017
   b. Letter of Comfort from the ultimate parent- Genting Berhad dated August 1, 2017
   c. Information Memorandum dated August 7, 2017

3. Pursuant to the receipt of the above documents and fulfillment of other conditions, we hereby confirm the following rating(s):

| Instrument/Facilities | Amount (Rs. crore) | Rating[1] | Remarks |
|---|---|---|---|
| Non-Convertible Instruments | 300 | **CARE AA-(SO); Stable [Double A Minus (Structured Obligation); Outlook: Stable]** | Final Rating |
| **Total facilities** | **300 (Rs. Three Hundred crore only)** | | |

M

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

4. The above rating is based on the credit enhancement in the form of unconditional and irrevocable sponsor support undertaking from Genting Energy Limited and Letter of Comfort from Genting Berhad.
5. The Rationale-cum Press Release for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document 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 **September 12, 2017**, we will proceed on the basis that you have no any comments to offer.
6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. All other terms and conditions contained in our rating letter no. CARE/HO/RL/2017-18/2054 dated July 24, 2017 would remain the same.

If you need any clarification, you are welcome to approach us in this regard.

M



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457 • www.careratings.com • CIN-L67190MH1993PLC071691

Thanking you,

Yours faithfully,

M.R.Machhar

**[Mihir Machhar]**
Analyst
mihir.machhar@careratings.com

Rajashree M

**[Rajashree Murkute]**
Associate Director
rajashree.murkute@careratings.com

**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.



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)
4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457 • www.careratings.com • CIN-L67190MH1993PLC071691

## Annexure
## Rating Rationale Cum-Press Release
## GP Wind (Jangi) Private Limited

**Ratings**

| Facilities | Amount (Rs. crore) | Rating[2] | Rating Action |
|---|---|---|---|
| Debentures-Non Convertible Debentures @ | 300 | **CARE AA-(SO); Stable [Double A Minus (Structured Obligation); Outlook: Stable]** | Final Rating |
| **Total Facilities** | **300 (Rs. Three hundred crore only)** | | |

*Details of instruments/facilities in Annexure-1*

@ backed by unconditional and irrevocable sponsor support undertaking from Genting Energy Limited and Letter of Comfort from Genting Berhad.

**Detailed Rationale & Key Rating Drivers**

The rating of the Long term Non-Convertible Debentures of GP Wind (Jangi) Private Limited (GPW) derives significant comfort from the proposed 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). 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 five 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.

The company has submitted the relevant executed documents i.e. Sponsor Support Undertaking from Genting Energy Ltd, Letter of Comfort from the ultimate parent- Genting Berhad and Information Memorandum to the satisfaction of CARE basis which the final rating has been assigned.

**Detailed description of the key rating drivers**

**Key Rating Strengths**

**Strong parentage with experienced management team**

GPW has strong promoter, as the principal shareholders is Green Synergy Holdings Pte Limited a sub-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

M

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



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457 • www.careratings.com • CIN-L67190MH1993PLC071691

wholly owned subsidiary Genting Energy Limited. 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 the globe, including in Malaysia, Singapore, Indonesia, India, China, the United States of America, Bahamas and the United Kingdom.

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

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

- Unconditional and Irrevocable Sponsor Support Undertaking provided by Genting Energy Limited (100% subsidiary of Genting Berhad) which shall cover upto 15% of the O&M Cost Overrun, Tax Shortfall, Shortfall in debt servicing arising out of higher than budgeted O&M and Tax expenses.
- Letter of Comfort (LoC) provided by Genting Berhad (the ultimate holding company of Genting Group) for full tenure of NCDs, which articulates the Promoter support and extends credit comfort.

**Robust Trustee monitored Structured Payment Mechanism**

All proceeds of the GPW (whether in respect of the Project or otherwise) will be 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 would also be 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 shall maintain DSRA equal to the aggregate of redemption amount and interest payable over a period of succeeding six months (initial DSRA would be from NCD proceeds) 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 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 28.65% for the period Jan 2011 - June 2017.

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

The company has signed 2 PPA's 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



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457 • www.careratings.com • CIN-L67190MH1993PLC071691

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). For the past 1.5 years, GUVNL has started payments in around 5-7 days from the invoice date which is well before the due date. Therefore, the off-take/counterparty risk can be considered low, especially given strong credit profile of GUVNL.

**Moderate debt coverage indicators**

GPW's overall gearing improved from 6.43x in FY16 to 1.95x in FY17 (refers to period between April 01 to March 31) mainly on account of Rs. 173 crore recognised as income from unwinding of currency swap contract which improved its net-worth. The currency swap contract was entered in Aug 2011 at Rs. 44.50 per USD for 110 million USD and as on Jan 1, 2017 the rate per USD increased to Rs. 67.90, which resulted into a gain. Upon exclusion of the aforementioned unwinding gain, the overall gearing at the end of FY17 would be 6.74x. Nonetheless, the gearing at the end of FY18 is likely to improve post refinance and reduced debt due to gains arising from currency swap contract.

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

The company had entered into a seven year O&M agreement with VESTAS extendable upto 15 years to avail the services for operating and monitoring the performance of the equipment and maintenance. For FY17, total O&M Expenses of the company was Rs. 15.12 crore which is Rs. 29.64 lacs per WTG. CARE believes the same is relatively on the higher side compared to other industry players. Nonetheless, in case of any O&M Cost fluctuation beyond the budgeted would be covered by SSU, which reduces the likelihood of cash flow mismatches arising out of fluctuations in O&M cost.

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

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 18% (approximately 57 GW of 327 GW) as on March 31, 2017. Wind power continues to dominate the share of RE capacity in India at about 32.28 GW as on March 31, 2017, forming around 56% of total RE capacity. In line with solar, the wind energy sector is moving towards competitive bidding and the government scheme for setting up 1000 MW Central Transmission Utility (CTU) connected wind power projects at tariff discovered through e-reverse auction has been announced. Given there is continued emphasis by the government to increase capacity addition in the sector including recent policy on repowering of the wind power projects, vast potential, established technology and faster and modular nature of implementation, the outlook is stable for the wind power sector.

**Key Rating Weaknesses**

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



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457 • www.careratings.com • CIN-L67190MH1993PLC071691

Wind projects are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns which affects the PLF. The wind farms enjoy higher PLF during the months of May-Aug while the period from Sept to Nov witness 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.

**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.

**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 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, operates 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 2 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 at Rs. 3.56/unit till 2036.

| Brief Financials of GPW (Rs. crore) | FY16 (A) | FY17 (P) |
|---|---|---|
| Total operating income | 108.97 | 106.17 |
| PBILDT | 89.75 | 86.70 |
| PAT | 0.36 | -7.51 |
| Overall gearing (times) | 6.43 | 1.95 |
| Interest coverage (times) | 2.30 | 2.40 |

*A: Audited, P: Provisional*



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)
4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457 • www.careratings.com • CIN-L67190MH1993PLC071691

**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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

**Analyst Contact:**
Name: Rajashree Murkute
Tel: 022 6754 3440
Board: 022 6753 3456
Email: rajashree.murkute@careratings.com

**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.

## Annexure-1: Details of Instruments/Facilities

| 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 8, 2017 | 9.25% | August 8, 2032 | 300.00 | CARE AA- (SO); 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 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 | Date(s) & Rating(s) assigned in 2014-2015 |
| 1. | Debentures-Non Convertible Debentures | LT | 300.00 | CARE AA- (SO); Stable | 1)Provisional CARE AA- (SO); Stable (26-Jul-17) | - | - | - |

M



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457 • www.careratings.com • CIN-L67190MH1993PLC071691