CARE Ratings
Professional Risk Opinion

No. CARE/HRO/RL/2021-22/1506

Shri S Sundar Rajan
Chief Financial Officer
GP Wind (Jangi) Private Limited
S 2 LAKSHMI NILAYAM HOUSE NUMBER 326
BEGUMPETA 6-3-1186/A/8
Hyderabad, Telangana 500016

December 01, 2021

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issue

On the basis of recent developments including operational and financial performance of your Company for FY21 (Provisional), our Rating Committee has reviewed the following ratings:

Sr. No.	Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
1.	Non-Convertible Debentures	240.00 (Reduced from 245.00)	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed
	Total Instruments	240.00 (Rs. Two Hundred Forty Crore Only)		

2. The NCDs are repayable by August 8, 2032 in 30 semi-annual installments.

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

3. The rationale 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 2**. 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 Dec. 2, 2021, we will proceed on the basis that you have no any comments to offer.

4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

5. 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 bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. 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.

6. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

8. CARE ratings are not recommendations to buy, sell, or hold any securities.

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

Thanking you,

Yours faithfully,

Radhika Ramabhadran
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Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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 is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure 2

GP Wind (Jangi) Private Limited

Ratings

Instruments	Amount (Rs. crore)	Rating[2]	Rating Action
Non Convertible Debentures	240.00 (Reduced from 245.00)	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed
Total Long Term Instruments	**240.00 (Rs. Two Hundred Forty Crore Only)**		

Detailed Rationale & Key Rating Drivers

The rating assigned to the Non-Convertible Debenture issue of G.P. Wind (Jangi) Private Limited (GPWL) continues to derive strength from the healthy and demonstrated operational track record of almost a decade in the wind energy space, strong revenue visibility in the form of long term Power Purchase Agreement (PPA) with Gujarat Urja Vidyut Nigam Limited (GUVNL), strong credit of profile of the counter party with consistent track record of timely of receipt payments, well-established promoter group (Genting Berhad), structured payment mechanism associated with the NCD issue and strong liquidity profile with maintenance of Debt Service Reserve Account (DSRA) equivalent to redemption installment and coupon payment for ensuing 6 months and other liquid reserves and low Operations & Maintenance (O&M) risk. The rating also takes into account improved generation levels during H1FY22 albeit lower power generation during FY21 (lower than P-90 level vis-à-vis historical level of above P-50) on the account of slower wind speeds and relatively lower machine availability on account of damage caused by lightning and delayed repair works on account of logistic issues to covid induced lockdown.

The rating strengths are, however, constrained by susceptibility of operating performance to exposure to seasonal wind patterns, asset concentration, technology risk and regulatory risk.

Rating Sensitivities

Positive rating sensitivities: Factors that could lead to positive rating action/upgrade.

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

Negative rating sensitivities: Factors that could lead to negative rating action/downgrade.

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

- Deterioration of credit profile of counter party and delayed payments from GUVNL on a sustained basis, adversely impacting the cash flow position.
- Operation at sub optimum PLF below P-90 level on a sustained basis impacting the cashflow and debt coverage indicators.
- Deterioration in financial risk profile with increased debt level

Detailed description of the key rating drivers

Key Rating Strengths

Well established promoter group (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. The sponsors have given shortfall undertaking (covers O&M cost overrun, tax shortfall, shortfall in debt servicing etc.) as a support towards the project.

Long term off-take arrangement with strong counterparty

GPWL has firm long-term power off-take arrangement with GUVNL (rated CARE AA-; Stable/CARE A1+). The company has signed a PPA with GUVNL to supply 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. The strong credit profile of the off-taker minimizes the counter party risk in terms of procurement and timely receipts of revenues. The company has been receiving payments on time from GUVNL with receipts within an average of 6-8 days from the date of raising Invoice.

Healthy operational performance with track record of close to a decade albeit moderation in FY21

The company long established track record of power generation and has demonstrated consistent performance for close to a decade with operations above/close to P-50 levels of 25.90% barring FY21. The average PLF from FY13-21 was around 27.35%. The performance continued to remain satisfactory during FY21 despite moderation owing to lower wind speed along with certain Machine Availability (MA) issues owing to lightnings. PLF stood at 21.77% for FY21. The MA was impacted (stood at 96.18% for FY21) owing to impact on 3 WTGs due to lightning. While the O/M contractor had replacement of one blade at the site, the other two were to be transported from Chennai and due to logistic issues, the repair got prolonged impacting the generation during the wind season (usually H1). To reduce the effect of lightning, the company has undertaken installation of copper caps (involving capex of Rs.2.6 crore) and as on date has installed copper caps for 50 Wind Turbine Generators (WTGs).

During H1FY22, the generation has improved with average PLF of around 33%. The PLF has been a bit lower than the past years (excl. FY21) due to lower MA during the months of Jun.-Aug. 21 wherein most of the caps were installed.

Escrow mechanism for cashflows and cash trap

The NCD structure entails transfer of all cash flows to the designated escrow account which would be periodically transferred to various sub-accounts in the prescribed order of priority as per the defined waterfall mechanism in Trust and Retention A (TRA). The structure also stipulates maintenance of DSRA equivalent to requirement of redemption installment and coupon payable for ensuing 6 months. As on September 30, 2021, the DSRA is being maintained in the form of fixed deposit amounting to Rs. 25.69 crore.

Further, the structure entails cash trap at a DSCR of 1.10x and if the DSCR drops below the said level, the entire surplus generated by the asset will be trapped in Cash Retention Account.

Low Operations and Maintenance risk

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. Later, on the company in March, 2019 renewed the agreement rates. The agreement includes services for operating and monitoring the performance of the equipment and maintenance.

Industry Outlook

There is great thrust from Government for improving the share of renewable power in India's overall power mix which is reflected from various policy initiatives. There had been muted wind power generation capacity additions during FY19 & FY20 on the back of migration from Feed-in-Tariff (FiT) based model to reverse auction-based tariff discovery model. However, looking at the already allotted capacity and govt.'s push for achieving targeted capacity of 60 GW by end FY22, capacity additions are likely to improve in next two to three years. Wind power projects benefit from established technology, improved generation from technological advancements, faster and modular nature of implementation, stable long-term revenue visibility with long term off take arrangements at a fixed tariff, minimal O&M requirements, tariffs comparable to conventional power generation, must run status of wind power projects and favourable amendments in bidding guidelines for IPPs. However, there are concerns like increased difficulties in land acquisition, inadequate grid connectivity on account of poor evacuation infrastructure, backing down of the projects by few state Discoms, weak credit profile of WTG manufacturers, regulatory haze in terms of renegotiation of tariff in concluded PPAs and cancellation of concluded auctions, weak financial risk profile of Discoms with significant delays in payment by few state Discoms, increased difficulties in debt tie-up and inherent risk of variation in wind patterns. Overall, positive and negative developments in the sector counterbalance each other, thereby resulting in a stable outlook. Going forward key monitorables would be developments in claim of off-takers for renegotiation of PPAs, payment pattern of off-takers, financial health of WTG manufacturers and regulatory stance.

Key Rating Weaknesses

Exposure to climatic, asset concentration and regulatory risks

Wind farms are exposed to inherent risk of climate fluctuations leading to variations in the wind patterns which affects the PLF. Also, the wind plant generation is seasonal in nature and generally experience the maximum generation during April – September period. 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. Further, all of the asset is concentrated in Kutch District of Gujrat, exposing to asset concentration risk. Furthermore, the project is exposed to be any adverse regulatory change in state policies in future as the same may impact the profitability of the project.

Liquidity analysis: Strong

The liquidity profile is robust with timely receipt of payments from GUVNL within an average of about 7 days and 6 days during FY21 and H1FY22 respectively. The company has been maintaining DSRA equivalent to requirement of redemption installment and coupon payable for ensuing 6 months in the form of Fixed Deposits amounting to Rs.25.69 crore as on Sept. 30, 2021. Apart from DSRA balance, the company has refinance reserve and liquid investments in the form of FD amounting to Rs.1.57 crore and Rs.137.55 crore with IDFC bank, cash balance of Rs.0.57 crore as on Sept. 30, 2021.

Minimal Impact of Covid-19 Pandemic

There has been minimal impact of Covid-19 pandemic on the performance of the company. GUVNL has been granted a Must Run Status to GPWL and the company continued to generated power during the lockdown also without any disruption. The power generation was affected during FY21 due to delay in repairing turbines due to non-availability of spare parts due to Covid-19 pandemic. Nevertheless, the power generation remained satisfactory. Also, the company has not availed the moratorium as a part of covid relief.

Analytical approach: Standalone

Applicable Criteria

Policy on default recognition

Financial Ratios – Non financial Sector

Liquidity Analysis of Non-financial sector entities

Rating Outlook and Credit Watch

Infrastructure Sector Ratings

Power Generation Projects

About the Company

Incorporated on September 13, 2010, GP Wind (Jangi) Private Limited (GPWL), a special purpose vehicle, promoted by Genting Berhad, Malaysia, operates a 91.8 MW wind based power project at Jangi, Kutch District, Gujarat, India. The project consists of 51 Wind Turbine Generators (Vestas V100) with capacity of 1.8 MW each, installed with 95m hub height. The project was commissioned between August 2011 and December 2011. The company has entered into PPA with GUVNL for entire offtake of power for a period of 25 years at a fixed tariff of 3.56/kwh.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (P)	9MCY22 (Published)
Total operating income	87.81	70.03	66.94
PBILDT	69.33	50.31	50.97
PAT	6.72	-4.82	3.44
Overall gearing (times)	1.36	1.29	NA
Interest coverage (times)	2.60	2.06	2.92

A: Audited; P: Provisional; NA: Not available

Status of non-cooperation with previous CRA:
Not Applicable

Any other information:
Not Applicable

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

Covenants of rated instrument / facility: *Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3*

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE135Y07013	August 08, 2017	9.25	August 2032	240.00	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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Debentures-Non Convertible Debentures	LT	240.00	CARE AA-; Stable	-	1)CARE AA-; Stable (19-Mar-21)	1)CARE AA-; Stable (20-Mar-20)	1)CARE AA- (SO); Stable (27-Dec-18)

* *Long Term / Short Term*

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Name of the Instrument	Detailed explanation
A. Financial covenants	
Debt Service Reserve Account	Redemption instalment and coupon payable for ensuing 6 months.
Cash Trap Triggers	All surplus cash-flows as per the waterfall mechanism would flow annually into the Surplus Account and be available for use at the discretion of the Issuer, provided all the conditions mentioned below are met: • DSCR (as per the audited financials of the Issuer) exceeds a level of [1.10x]. The DSCR covenant would be tested once every year (based on the audited financials of the preceding fiscal year). • DSRA is funded to the DSRA Required Amount. • RRA is funded to the RRA Required Balance. • Rating of the Debentures from both the Rating Agencies is at least A+ (SO). • No Event of Default is subsisting or would result

Name of the Instrument	Detailed explanation
A. Financial covenants	
	from the relevant payment. Receivable days as tested by the audited financials of the Issuer are < 180 (one hundred eighty) days.

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Debentures-Non Convertible Debentures	Simple

Annexure 5: Bank Lender Details for this Company

Not Applicable

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. 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.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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 is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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