

Date: 29th April 2019

The Manager- Listing Department
Wholesale Debt Market
The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra Kurla Complex, Bandra (E)
Mumbai-400051

Dear Sir,

Re: SEBI Circular SEBI/HO/DDHS/CIR/P/2018/44 dated 26th November, 2018- Fund raising by issuance of debt securities by large entities

With reference to the above circular, we wish to inform you that our Company, ReNew Wind Energy (Jath) Limited is "Not a large Corporate" (LC) as per the framework provided in the aforesaid circular.

Our credit rating of NCD is AA+(SO) because of partial unconditional and irrevocable guarantee by India Infrastructure Finance Company Limited. Credit rating is attached for reference.

We wish you to take the above on record.

**For and on behalf of
ReNew Wind Energy (Jath) Limited**



**R Sai Krishnan
Company Secretary & Compliance Officer**

ReNew Wind Energy (Jath) Limited

(Formerly known as ReNew Wind Energy (Jath) Private Limited)
CIN No. U40101DL2012PLC236227

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India Ratings & Research

A Fitch Group Company

India Ratings Affirms Renew Wind Energy (Jath)'s NCDs at 'IND AA+(SO)'; Outlook Negative

06

APR 2018

By Siva Subramanian

India Ratings and Research (Ind-Ra) has affirmed Renew Wind Energy (Jath) Limited's (RWEJL) non-convertible debentures (NCDs) as follows:

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
NCDs	INE269O07011	16 September 2015	9.75	31 March 2033	INR4,510 (outstanding INR4,150)	IND AA+ (SO)/Negative	Affirmed

The continued Negative Outlook reflects the ongoing high receivable days of over 180 days and 9% yoy fall in plant load factor (PLF) in 9MFY18, owing to a fall in wind speed. However, the project managed the situation with internal reserves and timely sponsor support, without resorting to additional debt. The surplus cash of about INR160 million was repatriated to the sponsor in December 2017. The project does not have a sanctioned working capital facility. The rating remains supported by an intact debt service reserve account (DSRA), a partial unconditional and irrevocable guarantee by India Infrastructure Finance Company Limited (IIFCL; 'IND AAA/Stable') and timely creation of a refinance reserve as per the original plan. Ind-Ra expects the sponsor to support the project in the event of distress.

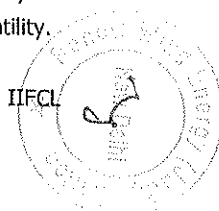
The standalone rating of the project remains constrained by the project's single counterparty risk.

KEY RATING DRIVERS

Liquidity Risk: Although the project's single counterparty - Maharashtra State Electricity Distribution Company Limited (MSEDCL) – continues to pay with delays of about 180 days, the project manages debt servicing using internal reserves and sponsor support. The cash position was about INR430 million at end-February 2018 compared to INR226.53 million at end-FY17.

About 92% of the project revenue stems from power sale to MSEDCL, exposing the project to single counterparty risk. Additionally, the project lacks a diversified wind portfolio which would facilitate in mitigating wind resource volatility.

Credit Enhancement: The project structure is supported by an unconditional and irrevocable guarantee from IIFCL



for a value higher of a) 26% of the outstanding principal until September 2017 and thereafter 28% of the outstanding principal or b) INR600 million. The guarantee amount will become 50% of the outstanding principal after end-September 2027, according to the transaction structure.

Wind Regimes Consistent with Wind Resource Study: The project is operational since August 2013, and has been consistently performing at levels around P90. The PLF was lower in 9MFY18 than in 9MFY17 due to a lower wind velocity.

Robust Investor Protection Features: RWEJL has created an upfront DSRA of INR340 million (0.5x of peak annual debt service in cash). Besides, refinancing risk is addressed through an annual transfer of INR25 million until FY25 and INR50 million in FY26 from cash flows to a refinance reserve account (RRA). The RRA (December 2017: INR50 million) is fungible and will be available for debt service should there be a shortfall after the tapping DSRA.

In addition, the structure has a separate cash trap account to capture all surplus cash flows in the event of any covenant breach, including actual debt service coverage ratio falling below 1.20x. These reserves are lien to the trustee until the NCDs are fully redeemed. The DSRA may be maintained in the form of a bank guarantee with approval from the guarantor and debenture trustee. Ind-Ra believes that these reserves in addition to the general DSRA offer sufficient protection to the structure. A combination of the partial guarantee along with the reserves would cover about 86% of the outstanding principal (INR1,450 million) if the put option is exercised on 31 October 2026. The cash accumulated in the system would also be used to pay off the balance principal. Ind-Ra believes that there will be adequate avenues for the project to refinance debt, should it necessitate payments from the exercise of the put-option.

Fully Contracted Revenue Mitigates Volume Risk: The project has a 13-year power purchase agreement (PPA) with MSEDCL for the entire plant capacity of 84.65MW. MSEDCL will buy power at a levelised tariff of INR5.67 per unit and INR5.81 per unit for 34.5 MW and 50.15 MW, respectively. Although the PPA is expiring 7 August 2026, it can be renewed on mutual consent. The current and expected tariffs for industrial customers in the state are higher than the contracted power tariffs. Ind-Ra's base case has factored in a much lower tariff after the expiry of the PPA, however if the current bid-based tariffs are applied, the coverage ratios would be at risk. The agency expects the sponsor to create adequate reserves and tie-up PPA ahead of expiry of time.

Strong Payment Mechanism: The payment mechanism is monitored by the debenture trustee and RWEJL has a debenture redemption reserve account (DRRA). If there is a deficit in DRRA 10 business days prior to the bond instalment date, the DRRA banker will inform the debenture trustee who will inform the sponsor and guarantor. The sponsor shall have time to fund the shortfall until seven days prior to due date, or the trustee will tap DSRA to bridge the shortfall. On continuance of deficit in DRRA until three days before bond service date, the trustee shall invoke the guarantee and the deficit has to be bridged before a day to bond service date.

Further, only 75% of the trapped cash in any year will be available to the issuer in the following years post the breach is cured. The balance 25% of the cash trapped in any year shall be retained in the cash trap account.

Manageable Operating Risk: The wind turbine technologies employed by the project company are evolutionary designs and considered to be proven. Further, component issues are covered under warranty and considered in production loss factors and cost estimates. The stipulation of machine availability at a minimum 95% in the O&M contract provides sufficient comfort. Operating costs beyond the base case including renegotiation of O&M contracts leading to higher costs could lower the coverage ratios. The agency will monitor these aspects for future rating actions.

Modest Financial Performance: The operating income fell 7% yoy to INR880.54 million in FY17. Consequently, the EBITDA margins dropped to 87% in FY17 from 92% in FY16, which resulted in leverage increasing to 4.97x from 4.79x. The EBITDA interest coverage was static at 1.8x in FY17.

Adequate Coverage Ratios: Ind-Ra's base case is based on P90 PLF levels and cost assumptions similar to the management assumptions. Ind-Ra's base case estimates indicate an adequate debt service coverage ratio (DSCR) throughout the debt maturity period. The rating case combines a lower energy output and wind turbine availability with a higher cost profile. However, in the absence of timely cash flow, the project is heavily dependent on the existing reserves and sponsor support.

Covenanted Debt Package: The debt structure envisages the following cash flow waterfall mechanism: statutory dues, O&M expenses including sponsor charges of INR40 million; guarantee fee; transfer to debenture subaccount; creation of guarantee fee reserve; payment of interest and principal in respect of guarantee utilised; DSRA top up; RRA top up; transfers to cash trap account; surplus cash flows to surplus account.

For the debenture pay-outs if there are insufficient funds, the trustee would first dip into cash trap account; RRA; DSRA and then guarantee invocation.

Additionally, all surplus cashflows as per the waterfall mechanism would flow into the surplus account and be available for use at the discretion of the issuer, provided the following conditions are met a) DSCR of 1.2x, b) all mandated reserves such as RRA and DSRA are at required levels, c) rating at AA(SO) d) no breach of covenants and e) no occurrence of default. In case of any breach of cash trap triggers, surplus cash flows will be trapped in cash trap account.

Further, only 75% of the trapped cash in any year will be available to the issuer in the following years post the breach is cured. The balance 25% of the cash trapped in any year shall be retained in cash trap account and will be available for debenture holders till the time debentures are fully redeemed.

RATING SENSITIVITIES

One or more of the following events could lead to a negative rating action:

- operating performance including deterioration in PLF and financial performance below the Ind-Ra base case
- any deviations from the envisaged structured payment mechanism
- any credit profile deterioration of the guarantor
- increased counterparty-related risks
- any further deterioration in the standalone project profile
- a breach of any contractual sponsor support undertakings

COMPANY PROFILE

RWEJL is wholly-owned by Renew Power Ventures Private Limited (RPVPL). RWEJL was formed in May 2012 to build and operate an 84.65MW wind power plant in Jath, Maharashtra. The project cost of INR6,061 million was funded through a debt of INR4,545.7 million and equity of INR1,515.3 million. RPVPL specialises in the renewable energy business and has infused equity into the project company. Goldman Sachs group through its investment arm GS Wyvern Holdings Limited owns a majority share in RPVPL. RPVPL has more than 1GW of clean energy assets.

FINANCIAL SUMMARY

Particulars	FY17	FY16
Operating income (INR million)	880.54	948.23
EBITDA (INR million)	857.55	912.59
EBITDA interest coverage (x)	1.82	1.80
Debtors collection period (days)	281	208
Source: RWEJL		

RATING HISTORY

Instrument Type	Current Rating/Outlook	Historical Rating/Outlook

	Rating Type	Rated Limits (million)	Rating	30 December 2016	16 September 2015
NCDs	Long-term	INR4,510	IND AA+(SO)/Negative	IND AA+(SO)/Negative	IND AA+(SO)/Stable

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

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ABOUT INDIA RATINGS AND RESEARCH

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies, structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

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Applicable Criteria

Rating Criteria for Infrastructure and Project Finance
Rating Criteria for Partial-Credit Guarantee Backed Debt

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