**Date: April 27, 2022**

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 Akshay Urja Limited is "Not a large Corporate" (LC) as per the framework provided in the aforesaid circular.

Our credit rating of NCD is AA+(CE) because of partial unconditional and irrevocable guarantee by India Infrastructure Finance Company Limited (IIFCL) and Indian Renewable Energy Development Agency Limited (IREDA) and are rated AA+ post credit enhancement from IIFCL AND IREDA and is a structured instrument. The long term unsupported and unstructured rating of the Company is A-. The credit rating is enclosed herewith for your reference.

We wish you to take the above on record.

**For and on behalf of**
**ReNew Akshay Urja Limited**

ReNew Akshay Urja Limited
New Delhi

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

ReNew Akshay Urja Limited
(Formerly known as ReNew Akshay Urja Private Limited)
CIN: U40300DL2015PLC275651

Corporate Office
ReNew.Hub, Commercial Block-1, Zone-6, Golf Course Road, DLF City Phase-V, Gurugram - 122009,
Tel: +91 124 489 6670, Fax: +91 124 489 6699, Email: info@renewpower.in, Website: www.renewpower.in

Registered Office
138, Ansal Chambers-II, Bhikaji Cama Place, Delhi - 110066, Tel: +91 11 4677 2200, Fax: +91 11 4111 2980

# Renew Akshay Urja Limited

June 30, 2021

**Ratings**

| **Facilities/Instruments** | **Amount (Rs. crore)** | **Ratings** | **Rating Action** |
|---|---|---|---|
| Non-Convertible Debentures@ | 650.25 (Reduced from 685.30) | CARE AA+ (CE); Stable [Double A Plus (Credit Enhancement); Outlook: Stable ] | Reaffirmed and removed from Credit watch with Developing Implications; Stable outlook assigned |
| **Total Long Term Instruments** | **650.25 (Rs. Six Hundred Fifty Crore and Twenty-Five Lakhs Only)** | | |

*Details of instruments/facilities in Annexure-1*

*@ backed by unconditional and irrevocable first loss partial credit guarantee from Indian Infrastructure Finance Company Ltd (IIFCL, rated 'CARE AAA; Stable') and Indian Renewable Energy Development Agency Limited (IREDA, rated 'CARE AA+; Stable') whereby they guarantee to pay to the Debenture Trustee any shortfall in the amount required to be paid by the Issuer to the Debenture Trustee in respect of Redemption Amounts (to the extent of Principal Amounts and Interest payable) up to a maximum amount as specified in the Guarantee Agreement (partial guarantee ranging from 31.5% to 34.8% of outstanding principal amount and averaging around 33% for the tenure of NCD). The obligations of each guarantor (IIFCL & IREDA) to pay the aggregate shortfall amount are in the proportion of applicable IIFCL Available Residual Guaranteed Amount to the IREDA Available Residual Guaranteed Amount.*

| | |
|---|---|
| **Long-Term Unsupported Rating [1]** | **CARE A- [Reaffirmed and removed from Credit watch with Developing Implications]** |

*Unsupported Rating does not factor in the explicit credit enhancement*

**Detailed Rationale & Key Rating Drivers**

Ratings of Renew Akshay Urja Limited (RAUL) were placed on 'credit watch with developing implications' on account of an increase in receivable days to around 13 months for 100 MW capacity (out of total aggregate capacity of 124 MW). The debtor build-up had been due to non-compliance of a PPA condition pertaining to the testing of a potential transformer (PT), due to which Southern Power Distribution Company of Telangana Limited (TSSPDCL, CARE BB; Negative / CARE A4+) stopped releasing payments for the 100MW capacity till the time the issue is fully resolved.

The removal of 'credit watch with developing implications' takes into account the resolution of the PT testing related condition, which has been complied by RAUL during FY21 and the subsequent release of the payments held up by TSSPDCL for the 100 MW Mahbubnagar site.

The rating assigned to RAUL's non-convertible debenture (NCD) is based on credit enhancement in the form of unconditional and irrevocable first loss partial credit guarantee (FLPCG) from India Infrastructure Finance Company Limited (IIFCL, rated CARE AAA; Stable) and Indian Renewable Energy Development Agency Limited (IREDA, rated CARE AA+; Stable) in the manner described above along with a structured payment mechanism for timely redemption of NCDs.

The rating further derives comfort from creation of various reserves including debt service reserve, guarantee fee reserve, additional liquidity requirement reserve, inverter replacement reserve (proposed from 6th year onwards from deemed date of allotment) along with other financial covenants and sponsor undertaking. The ratings also factor in the project's satisfactory operational performance of around five years with satisfactory generation levels seen in FY21 (refers to the period April 1 to March 31), its experienced and resourceful promoters viz. Renew Power Private Limited (RPPL, rated CARE A+; Credit Watch with Developing Implications, CARE A1+ Credit Watch with Developing Implications) having 100% shareholding in RAUL, long-term off-take arrangement at fixed tariff through power purchase agreements (PPAs) with TSSPDCL (rated CARE BB; Negative, CARE A4+) for the entire capacity, comfortable debt coverage indicators and fixed interest rate for first five years with fixed pre-agreed coupon step-ups at the end of 5th and 10th year mitigating interest rate fluctuation risk to an extent.

[1] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019*

The rating is, however, constrained by counterparty credit risk on account of relatively weak financial profile of the off-taker, along with continuous delays in receipt of payments and susceptibility of power generation to variation in climatic conditions and module degradation.
The unsupported standalone ratings assigned to long term bank facilities of RAUL factors in strong promoter group, operational track record of around five years with satisfactory generation levels during FY21, comfortable debt coverage indicators with presence of liquidity reserves such as DSRA (Debt Service Reserve Account) covering two quarters of debt servicing and ALRA (Additional Liquidity Reserve Account) covering one quarter of debt servicing, guarantee fee reserve, provision for invertor replacement reserve and demonstrated track record of receiving timely receipt of need-based support from the parent RPPL. The ratings are, however, constrained by counterparty credit risk (the project being exposed to relatively weak counterparty i.e. TSSPDCL), delays in receipt of payments from the discom with a receivable build-up of seven months for both 24 MW site and 100 MW site though the same has improved from an earlier debtor cycle of nine months and dependence on climatic conditions for power generation.

**Key Rating Sensitivities**

**Negative Rating Sensitivities:**

- Actual generation significantly lower than P-90 estimates for more than two years leading to deterioration in cash accruals thereby negatively impacting the coverage indicators at the special purpose vehicle (SPV).
- Elongation in delays in receipt of payments from the off-takers leading to increase in debtor cycle to more than 10 months.
- Non-receipt or delays in receipt of need-based support from the promoter viz. Renew Power Private Limited.
- Non-compliance of various covenants as per sanctioned terms including continued maintenance of various reserves including DSRA, ALRA, guarantee fee reserve and inverter replacement reserve.
- Deterioration in credit risk profile of First Loss Partial Guarantee providers viz. IIFCL & IREDA.

**Detailed description of the key rating drivers**

**Key Rating Strengths**

**Credit enhancement in the form of partial credit guarantee by IIFCL and IREDA:** The repayment of NCDs of RAUL is envisaged primarily from the proceeds from the sale of power. Additionally, the NCDs are credit-enhanced by an unconditional and irrevocable FLPCG from co-guarantors: IIFCL and IREDA. While the FLPCG percentage varies tranche-wise, on an overall basis, it ranges from 31.5% to 34.8% with average partial credit guarantee available around 33% for the entire duration of NCDs. The available guarantee would be in accordance with the applicable percentage of the principal amount. Thereafter, on the first day of second guarantee fee calculation period and any guarantee fee calculation period thereafter (applicable for both IIFCL & IREDA), available guarantee amount would be aggregate of 1) available residual guarantee amount at the start of the immediately preceding period plus 2) any shortfall recovery amount received by IIFCL 3) less any shortfall amount paid by the guarantor (IIFCL or IREDA). However, as per the sanctioned terms, IREDA's maximum guaranteed exposure will be restricted to Rs.90 crore and will be available for a period of initial eight years. Furthermore, IIFCL's maximum guaranteed exposure is restricted to Rs.184 crore and will be available for the entire duration of proposed NCDs.
The issuance of Rs.760 crore is divided into three separate tranches – Tranche I of Rs.100 crore, Tranche II of Rs.250 crore and Tranche III of Rs.410 crore. The tenure of the three tranches is 5 years, 10 years and 17 years, respectively.

**Cash flow waterfall:** The company is operating through a Trust and Retention Account (TRA) with various sub-accounts. The proceeds from the project are being deposited in revenue sub account. So long as no event of default has occurred, withdrawal from the revenue sub-account on each monthly distribution date will only be for the following purposes (to be transferred in respective sub-accounts) and in the following order of priority:

1. Statutory dues for payment of taxes
2. Operations and O&M expenses
3. Guarantee fee such that the balance is equal to guaranteed fee required balance
4. Debt servicing
5. Guarantee fee reserve such that the balance is equal to guarantee fee reserve at all times

6. Guarantor's debt service amount payable
7. Debt service reserve such that the balance is equal to required DSRA at all times
8. Inverter replacement reserve such that the balance is equal to Inverter replacement reserve amount on or prior to the end of each FY
9. Additional liquidity reserve such that the balance is equal to the additional liquidity reserve amount on or prior to the end of each FY
10. To pay all the balance amounts standing to the credit of Revenue Sub-account after complying with the provisions into the Surplus Sub-account

On any date, if funds available in the debt service sub-account are insufficient to meet the redemption amount and/or interest payable on the immediately following monthly distribution date, the account bank shall transfer funds, first from the distribution sub-account, second from surplus sub-account, third from the additional liquidity reserve sub-account, fourth from sponsor support sub-account, fifth from cash trap sub-account, sixth from insurance proceeds sub-account, seventh from DSRA sub-account, eight from inverter replacement reserve sub-account and lastly utilize the amount of shortfall amount paid in accordance with the guarantee agreement to meet the insufficiency.

**Structured payment mechanism for invocation of partial guarantee:** The DT shall give notice to the guarantors and sponsors of any expected shortfall amount no later than 10 days prior to the payment date in respect of such shortfall amount. The obligation of the guarantors under the guarantee shall not be contingent upon receipt of such notice. The DT shall submit to the guarantor a shortfall instruction for payment of any shortfall amount at least six business days prior to payment date. The DT shall only deliver such shortfall instruction to the guarantors in the event that funds in Debt Service Sub-Account along with amounts in the various other accounts (distribution, DSRA, cash trap, sponsor support, insurance proceeds, ALRA, inverter reserve and surplus) available towards deposits in the Debt Service Sub-Account are less than the redemption amount payable on the immediately next payment date. The guarantors shall unconditionally pay no later than one business day before the relevant payment date immediately following the date of delivery of such shortfall instruction. Any shortfall instruction pursuant to acceleration shall be delivered by DT to the guarantor no later than two business days after the occurrence of such acceleration. The obligation of each guarantor (IIFCL & IREDA) to pay the shortfall amount shall be in the proportion of the then applicable IIFCL available residual guarantee amount to the IREDA available residual guarantee amount.

**Continuous maintenance of various reserves along with timely receipt of need-based support from RPPL leading to strong liquidity:** The company continues to maintain a DSRA of Rs.50 crore (covering peak six months of debt servicing obligations), which needs to be maintained during the full tenor of NCD. Additionally, the company has created an Additional Liquidity Reserve Account (ALRA) of Rs.25 crore (covering 3 months of debt servicing obligations) which would have been available for initial 3 years provided the project would have met the base case CUF levels for the period FY19-FY21. However, since CUF levels were lower than the envisaged base case for FY20, ALRA shall be available till FY23 provided generation levels are complied with stipulated terms & conditions. This reserve will be added to DSRA up to a cap of Rs.7.5 crore and remaining surplus shall be made available to the sponsors provided the project is performing at or better than Net PLF Benchmark for any three consecutive years for period ending March 2019 and annually thereafter.

The company shall maintain an Inverter Replacement reserve (Rs.1.24 crore per annum) on an annual basis, starting from 6th year (from deemed date of allotment i.e. September 26, 2017) till the debentures are redeemed in full. Also, as per the agreed terms, the company is maintaining a Guarantee Fee Reserve Account, equivalent to the scheduled guarantee fee payments over the succeeding 18 months (around Rs.9.50 crore as on June 2021).

Furthermore, as per the terms, the company needs to arrange for a working capital facility for Rs.40 crore (covering around 4.8 months of debt servicing obligations) within three months from deemed date of allotment. However, the company has not availed any working capital facilities. Nevertheless, RPPL has been supporting RAUL with timely infusion of funds as unsecured loans in case of cash-flow mismatches. The presence of various reserves and timely receipt of need-based support from the parent viz. RPPL provides comfort from the liquidity perspective.

**Cash trap:** In case of breach of any Cash Trap Trigger, all surplus cash flows for the year would be trapped in the Cash Trap Account (CTA). All surplus cash flows as per the waterfall mechanism would flow into the

surplus account and be available at the discretion of the company (except in Event of Default), provided various conditions are met as stipulated in the transaction documents including DSCR (tested on annual basis) exceeding 1.15x for respective years till March 2023. If project operates at or above Net PLF Benchmark for any three consecutive years for period ending March 2019 and annually thereafter till March 2023, DSCR would be reset to 1.10x for years after March 2023. Furthermore, if project does not operate at or above Net PLF Benchmark for any 3 consecutive years for period ending March 2019 and annually thereafter till March 2023, DSCR will continue to be set at 1.15x till the project achieves 3 consecutive years of operations at or above Net PLF Benchmark. Initially DSCR will be set at 1.15x till FY23.
Cash trap would also be triggered to the extent of 50% of the cash available in the surplus account to be trapped, in case receivable days are greater than 120 days but less than 150 days. In case the receivable days are higher than 150 days, 100% of the cash available for the surplus account will be trapped. However, the condition for receivable days will become applicable from sixth year i.e. FY24 (not applicable for first five year from FY19 to FY23).

**Put option:** In case of a rating downgrade of debentures below AA- (CE), the company shall have 60 days from the date of such downgrade to arrange funds for redeeming the debentures in full or getting the rating reinstated to at least "AA- (CE)". In case of multiple rating agencies, lower rating available shall be considered. In case, the debentures are not redeemed or the ratings are not reinstated to at least "AA- (CE)" by the rating agency within 60 days from the date of such rating downgrade, the DT shall have the right to exercise a put option (within 15 days) on the debentures and the payouts against the Put option shall be ensured by the company within 60 days from the exercise of Put option.

**Experienced and resourceful promoters:** RPPL is engaged in renewable power generation business, mainly through its wholly-owned/majority-owned SPVs. Mr. Sumant Sinha, Founder and Chief Executive Officer (CEO) of RPPL is well-qualified and has more than two decades of experience in leadership roles across various organizations. The Goldman Sachs group, through its investment arm, GS Wyvern Holdings Limited (GSH), has been making significant equity investment in RPPL since FY12 and is the single largest shareholder. Subsequently, other reputed investors such as Asian Development Bank (ADB), South Asia Clean Energy Fund (SACEF), Abu Dhabi Investment Authority (ADIA, through its arm Green Rock A 2014 Ltd), JERA Power and Canada Pension Plan Investment Board (CPPIB) have made investments and also GSH has participated in further rounds of equity fund raising by the company. GSH has also participated in further rounds of equity fund raising by the company.
During FY21, RPPL has entered into a definitive business combination agreement with RMG Acquisition Corporation II (RMG II) along with fully committed private placement of common stock which is expected to be anchored by marquee institutional investors. The combined transaction would lead to anticipated gross proceeds of around USD 1.2 billion (around Rs. 8,711 crore) out of which anticipated net proceeds in RPPL are expected to be around USD 610 million (around Rs. 4,428 crore) which shall be utilised partially to pay down debt and partially as growth capital. The company has expanded its capacity significantly to become one of the largest renewable energy company in India. As on April 30, 2021, RPPL has operational capacity of around 5.69 GW (63% wind, 37% solar), majority of which have tied-up long-term PPAs. In addition, the company has around 4.08 GW of power projects under implementation or in various stages of planning.
Hanhwa Q Cells Corporation (HQC, solar power business entity of Hanhwa Solar) earlier held 44% shareholding in RAUL and had also supplied modules for the project. However, HQC's entire 44% shareholding in RAUL has been bought by Renew Solar Power Private Limited (RSPPL, rated CARE A under Credit Watch with Developing Implications) during FY21. RSPPL now has 100% shareholding in RAUL.

**Satisfactory operational performance since commissioning:** The entire 124 MW capacity was commissioned in phases between April 2016 and June 2016 and has an operational track record of around 5 years. During FY21 plant generation has been satisfactory with actual net CUF (Capacity Utilization Factor) of 20.04% (as against 4$^{th}$ year P-90 CUF of 20.45% and FY20 net CUF of 19.76%). As per the solar assessment study, expected CUF at P-90 level for the first full year of operation is 20.94% for 100 MW Mahabubnagar plant and 20.97% for 24 MW Medak plant).
The company had entered into a five-year contract with both the EPC contractors, Mahindra Susten Private Limited and Sterling & Wilson Private Limited for O&M work of the 100 MW Mahabubnagar plant and 24 MW Medak plant respectively. Both the O&M contractors had also undertaken EPC work for the respective

plants. Going forward, O&M activities are envisaged to be done in-house by Renew group as is the case with their other solar projects.

**Long-term PPAs giving revenue visibility:** The company is supplying entire power under long-term PPAs to TSSPDCL for a period of 25 years at a fixed tariff of Rs.6.73/kWh for 100 MW Mahabubnagar project and Rs.6.80/kWh for 24 MW Medak project. The presence of long-term PPAs with TSSPDCL at a fixed tariff provides long-term revenue visibility. As per the terms of PPAs, TSSPDCL has to make payment to the company within 30 days from the receipt of invoice.

**Industry Outlook:** With the great thrust from the Government, the renewable energy has witnessed significant solar power capacity additions in the last 5 years. However, capacity additions remained muted during last three years ended FY21 on the back of imposition of safeguard duty on import of solar cells and modules w.e.f. July 2018 for two years, which was later extended till July 2021, roll out of GST, attempts to renegotiate tariffs for concluded PPAs, cancellation of multiple concluded auctions on the back of declining tariffs and Covid-19 pandemic induced lockdown. However, capacity additions picked up from June 2020 onwards and with large amount of already bidded out capacity, large capacity additions are expected in FY22 and FY23. Solar projects have relatively lower execution risks, long-term revenue visibility with long term off take arrangements at a fixed tariff, minimal O&M requirements, stable power generation, distribution of solar capacity across many states, lower tariffs compared to conventional power generation, must run status of these projects, greater investor interest due to ESG (Environmental, Social and Governance) compliance features with attractive returns. However, there are concerns like increased difficulties in land acquisition, inadequate grid connectivity on account of poor evacuation infrastructure, evolving technology advancements with limited satisfactory operational track record in India, very high dependence on imported solar cells and modules, regulatory haze in terms of renegotiation of tariff in concluded PPAs, weak financial risk profile of Discoms with significant delays in payment by few state Discoms, increased difficulties in debt tie-up etc. Overall, positive and negative developments in the sector counterbalance each other, thereby resulting in a stable outlook. Going forward the key monitorables would be prices of solar modules, performance of the modules in Indian conditions, technology advancements, effectiveness of BCD (Basic Customs Duty) regime and PLI (Performance Linked Incentive) scheme to boost domestic solar cell and module manufacturing, project implementation risks associated with innovative concepts like wind-solar hybrid projects, battery storage solar projects and pumped storage solar projects, developments in claim of offtakers for renegotiation of PPAs, financial health of Discoms, capacity additions of rooftop solar and effect of second wave of Covid pandemic over solar capacity additions.

**Key Rating Weaknesses**

**Relatively weak credit profile of the off-taker reflected in delay in receipt of payments:**

The credit profile of the project offtaker, Southern Power Distribution Company of Telangana Limited (TSSPDCL) is relatively weak, is constrained by operations within a weak regulatory framework with no tariff hike during the last two years, its dependence on tariff subsidy from the state government and delayed receipt of the same, continued gap between approved cost of power purchase and actual purchase cost resulting in operational loss, relatively low billing efficiency impacting the aggregate technical and commercial (AT&C) losses and unfavourable capital structure with stressed debt coverage indicators. The discom continues to report net loss and cash loss during FY20 along with delayed payments of power procurement.

The company has been receiving payments from TSSPDCL with a delay of around seven months for both the 24 MW site and 100 MW site as against the stipulation of 30 days as per PPA from the date of invoicing. The company has received payments against invoices raised till the month of August, 2020 for both 24 MW site and 100 MW site in May 2021.

Nonetheless, the overall payment pattern of the discom, though erratic but has improved slightly and the from the earlier debtor days of nine months for the 24 MW site and 13 months for the 100 MW site to seven months for both 100 MW and 24 MW site. Going forward, timely receipt of payments for both the project sites along with clearance of old debtors will be extremely critical from cash flow and liquidity perspective.

**Climatic, technological and regulatory risks:** Achievement of the desired CUF going forward would be subject to changes in climatic conditions, amount of degradation of modules and other technological factors. Also, the project will be dependent upon discom's ability to off-take 100% of power generated (some back-down was seen in FY20) as the PPA does not provide any protection in the form of deemed generation clause. The track record of solar equipment performance is relatively short in Indian conditions and establishment of energy generation at envisaged levels remain crucial.

**Liquidity Analysis: Strong**
As on June, 2021, the company had cash and bank balance of Rs. 51.20 crore excluding DSRA and ALRA. Under the structure, the company is maintaining DSRA balance of Rs.50 crore (covering peak two quarters of debt repayment obligations in the form of a bank guarantee (BG)) and ALRA (Rs.25 crore, covering 1 quarter of repayment obligations, again in the form of a BG) which provide comfort from the liquidity perspective.
In addition to the cash and bank balance, there is a guarantee fee reserve of around Rs.9.50 crore maintained in the form of fixed deposits. The company does not have any sanctioned working capital facilities as on date. Nevertheless, the parent company, RPPL has been supporting the project SPV by infusion of funds as unsecured loans, outstanding to the tune of around Rs.4.50 crore as on June, 2021 to take care of the liquidity requirements following delayed receipts of payments from TSSPDCL.

The company has debt repayment obligations of Rs.37.50 crore and Rs.38.75 crore as against projected GCA of Rs.58.57 crore and Rs.59.42 Crore in FY22 and FY23 respectively as per CARE base case scenario.

**Analytical Approach:** CARE has taken a standalone view of the entity including operational and financial performance, sponsor strength as well as credit enhancement through the FLPCG by IIFCL and IREDA and structured payment mechanism to support debt servicing in case of any shortfall in project cash flows. CARE has taken a combined view on all the three tranches under the proposed NCD.

**Applicable Criteria**
**Rating Methodology: Factoring Linkages in Ratings**
**Criteria of Rating Credit Enhanced Debt**
**Criteria on assigning Outlook to Credit Ratings**
**Rating methodology - Infrastructure Sector Ratings**
**Financial Ratios – Non-Financial Sector**
**Liquidity Analysis of Non-Financial Sector Entities**
**Rating Methodology - Private Power Producers**
**Rating Methodology: Solar Power Projects**

**About the company**
Renew Akshay Urja Limited (RAUL, erstwhile Renew Akshay Urja Private Limited), is promoted by Renew Solar Power Private Limited (RSPPL, solar holding company of the group), a subsidiary of Renew Power Private Limited (RPPL, erstwhile Renew Power Limited, rated CARE A+; CWD/CARE A1+ CWD, with 100% shareholding). RAUL has implemented a solar photovoltaic (PV) power project in the districts of Mahabubnagar and Medak in the state of Telangana. The total capacity of the project is 124 MW (100 MW – Mahabubnagar, 24 MW – Medak). The project was completed at a project cost of Rs.969.43 crore (Rs.7.82 crore/MW) funded at debt-equity ratio of 2.48x.
The company has signed a PPA with Southern Power Distribution Company of Telangana Limited (TSSPDCL, erstwhile Andhra Pradesh Central Power Distribution Company Limited (APCPDCL)) for both the locations for a period of 25 years from COD at a tariff of Rs.6.73 per kWh for 100 MW capacity while for remaining 24 MW capacity at a tariff of Rs.6.80 per kWh. The company achieved COD in phases with 60 MW capacity at Mahabubnagar commissioned on April 12, 2016, 24 MW capacity at Medak commissioned on June 5, 2016 and remaining 40 MW capacity at Mahabubnagar commissioned on June 30, 2016.

(Rs. crore)

| Brief Financials – RAUL Standalone | FY20 (A) | FY21 (Prov.) |
|---|---|---|
| Total operating income | 146.60 | 148.64 |
| PBILDT | 132.90 | 131.74 |
| PAT | 15.60 | 31.26 |
| Overall gearing (times) | 2.30 | 1.84 |
| Interest coverage (times) | 2.02 | 2.21 |

*A: Audited, Prov.: Provisional*

**Background of credit enhancement providers**

**IIFCL:** IIFCL is a special purpose vehicle promoted and regulated directly by the GoI with an aim to provide long-term financial assistance to infrastructure projects in India. It is wholly owned by GoI. It is the apex financial intermediary for the purpose of development and financing of infrastructure projects and facilities in India. During FY14, IIFCL got registered with the RBI as Non-Banking Finance Company – Infrastructure Finance Company (NBFC-IFC).

As a part of financial assistance products, IIFCL offers "Credit Enhancement Scheme" under which it provides credit enhancement by way of unconditional and irrevocable partial credit guarantee for operational infrastructure projects.

As per the audited financials of FY20, IIFCL reported total income of Rs. 4,215 crore and net profit of Rs. 51 crore during FY20 as against total income of Rs. 4,158 crore and net profit of Rs. 102 crore in FY19. Further, during H1FY21 IIFCL's operational performance has improved as it reported a PAT of Rs 270.7 crore as against a net loss of Rs 112.6 crore in H1FY20 on the back of reduced operating expenses (including nil write-offs) and lower provisioning costs in H1FY21.

*For detailed rating rationale of IIFCL, please refer to our website- www.careratings.com.*

**IREDA:** Incorporated in 1987, IREDA is a wholly-owned GoI enterprise working under the administrative control of MNRE, GoI. IREDA has been notified as a "Public Financial Institution" under the Companies Act, 1956 and registered as NBFC with RBI, formed for the purpose of promoting and financing Renewable Energy (RE) & Energy Efficiency (EE) projects in India. IREDA mainly finances projects in the wind, hydro, solar & bio-energy sectors.

During FY20, IREDA reported a net profit of Rs.214 crore on total operating income of Rs.2372 crore as against net profit of Rs.250 crore on total operating income of Rs.2022 crore for FY19. Further during H1FY21 company reported net profit of Rs. 277 crore on total operating income of Rs. 1261 crore

*For detailed rating rationale of IREDA, please refer to our website- www.careratings.com.*

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

**Any other information:** Not Applicable

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

**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 (Tranche I, ISIN – INE558T07016) | September 26, 2017 | 8.55%* | September 30, 2022 | 650.25 | CARE AA+ (CE); Stable |
| Debentures-Non Convertible Debentures (Tranche II, ISIN – INE558T07024) | | 8.65%* | September 30, 2027 | | |
| Debentures-Non Convertible Debentures (Tranche III, ISIN – INE558T07032) | | 8.75%* | September 30, 2034 | | |
| Un Supported Rating | - | - | - | 0.00 | CARE A- |

*-payable quarterly

**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 | 650.25 | CARE AA+ (CE); Stable | - | 1)CARE AA+ (CE) (CWD) (03-Jul-20) | 1)CARE AA+ (CE); Stable (12-Aug-19) 2)CARE AA+ (CE); Stable (04-Jul-19) | 1)CARE AA+ (SO); Stable (01-Oct-18) |
| 2. | Un Supported Rating | LT | 0.00 | CARE A- | - | 1)CARE A- (CWD) (03-Jul-20) | - | - |

**Annexure-3: Detailed explanation of covenants of the rated facilities**

| Name of the Facility – NCDs | Detailed explanation |
|---|---|
| **A. Financial covenants** | DSCR below 1.15x till FY23 (to be lowered to 1.10x if the project operates at or above the benchmark generation levels for three consecutive years immediately preceding April 1, 2023 or for any subsequent annual date of testing of DSCR, unavailability of all the required reserves, breach of any covenants under the transaction documents, an event of default or a defined rating downgrade event can trigger a cash trap event as per NCD documents. |
| **B. Non-financial covenants** | |
| **Other Conditions** | I. RSPPL to hold at least 51% of the total issued, voting and paid-up equity share capital of the issuer and control in the issuer till the debentures are fully redeemed. |
| | II. Maintenance of adequate insurance policies |

**Annexure 4: Complexity level of various instruments rated for this Company**

| Sr. No. | Name of the Instrument | Complexity Level |
|---|---|---|
| 1. | Debentures-Non Convertible Debentures | Simple |
| 2. | Un Supported Rating | Simple |

**Annexure: NCD Amortization and Partial Credit Guarantee (PCG) Schedule tranche-wise**

| | | | | | PCG of O/s principal - IREDA (%) | | | | PCG of O/s principal - IIFCL (%) | | | | Overall PCG - IREDA + IIFCL (%) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Tranche I Repayment** | **Tranche II Repayment** | **Tranche III Repayment** | **Total Repayment** | **Tranche I** | **Tranche II** | **Tranche III** | **Total** | **Tranche I** | **Tranche II** | **Tranche III** | **Total** | **Tranche I** | **Tranche II** | **Tranche III** | **Total** |
| FY19 | 20.00 | 8.00 | 1.00 | 29.00 | 0.00% | 8.89% | 13.68% | 10.44% | 42.87% | 25.86% | 19.35% | 24.34% | 42.87% | 34.74% | 33.02% | 34.78% |
| FY20 | 20.00 | 11.75 | 1.00 | 32.75 | 0.00% | 9.19% | 10.77% | 9.19% | 42.45% | 25.44% | 22.41% | 25.37% | 42.45% | 34.62% | 33.18% | 34.56% |
| FY21 | 20.00 | 13.75 | 1.25 | 35.00 | 0.00% | 6.15% | 9.08% | 7.44% | 42.08% | 27.87% | 23.89% | 26.54% | 42.08% | 34.01% | 32.97% | 33.98% |
| FY22 | 20.00 | 15.75 | 1.75 | 37.50 | 0.00% | 2.80% | 7.38% | 5.54% | 43.25% | 29.33% | 24.59% | 27.01% | 43.25% | 32.13% | 31.97% | 32.55% |
| FY23 | 10.00 | 25.50 | 3.25 | 38.75 | 0.00% | 3.03% | 3.71% | 3.43% | 41.09% | 28.64% | 27.75% | 28.25% | 41.09% | 31.66% | 31.46% | 31.68% |
| FY24 | | 35.75 | 4.50 | 40.25 | | 2.89% | | 0.87% | | 28.52% | 31.54% | 30.63% | | 31.42% | 31.54% | 31.50% |
| FY25 | | 37.75 | 4.50 | 42.25 | | 2.92% | | 0.75% | | 28.12% | 31.66% | 30.75% | | 31.04% | 31.66% | 31.50% |
| FY26 | | 38.50 | 6.25 | 44.75 | | | | | | 32.68% | 31.97% | 32.11% | | 32.68% | 31.97% | 32.11% |
| FY27 | | 40.00 | 9.00 | 49.00 | | | | | | 32.81% | 32.98% | 32.95% | | 32.81% | 32.98% | 32.95% |
| FY28 | | 20.75 | 30.50 | 51.25 | | | | | | 30.80% | 32.96% | 32.85% | | 30.80% | 32.96% | 32.85% |
| FY29 | | | 49.00 | 49.00 | | | | | | | 33.00% | 33.0% | | | 33.00% | 33.00% |
| FY30 | | | 48.50 | 48.50 | | | | | | | 33.00% | 33.0% | | | 33.00% | 33.00% |
| FY31 | | | 51.00 | 51.00 | | | | | | | 33.00% | 33.0% | | | 33.00% | 33.00% |
| FY32 | | | 53.50 | 53.50 | | | | | | | 33.00% | 33.0% | | | 33.00% | 33.00% |
| FY33 | | | 56.75 | 56.75 | | | | | | | 33.00% | 33.0% | | | 33.00% | 33.00% |
| FY34 | | | 58.50 | 58.50 | | | | | | | 33.00% | 33.0% | | | 33.00% | 33.00% |
| FY35 | | | 29.25 | 29.25 | | | | | | | 33.00% | 33.0% | | | 33.00% | 33.00% |
| **Total** | **100.00** | **250.00** | **410.00** | **760.00** | | | | | | | | | | | | |

***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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