CARE RATINGS PRESS RELEASE

January 08, 2020

Name Of The Company	Instruments	Rating	Amount (Rs.Cr.)
Greenko Solar Power (Dharmavaram) Limited	Bank Facilities	CARE A+ (CE) Placed on credit watch with negative implications	96.27
Emami Agrotech Limited	Bank Facilities	CARE A-; Stable/ CARE A2 [Reaffirmed]	6941.56
Greenko Godavari Power Projects Private Limited	Bank Facilities	CARE A+ (CE) Placed on credit watch with negative implications	15
Greenko Clean Energy Projects Private Limited	NCD I NCD II	CARE A+ (CE) CARE A+ (CE) Placed on credit watch with negative implications	201 99
Gangdari Hydro Power Private Limited	Bank Facilities	CARE A+ (CE) Placed on credit watch with negative implications	105
Clean Sustainable Solar Energy Pvt. Ltd.	Bank Facilities	Withdrawn	---
Navayuga Engineering Company Limited	Bank Facilities	CARE A-; Negative/ CARE A2+ [Revised from CARE A; Stable/CARE A1]	9529.57
Resin Agency LLP	Bank Facilities	CARE A+; Stable/ CARE A1 [Reaffirmed]	30
Grow Ever Steel (India) Private Limited	Bank Facilities	CARE A+; Stable/CARE A1+; [Reaffirmed]	10.46
Ok Enterprise	Bank Facilities	Withdrawn	---
Premium Lifestyle And Fashion India Private Limited	Bank Facilities	CARE BB+; Positive [Reaffirmed]	62.24
Polysil Pipes	Bank Facilities	CARE A+; Stable/CARE A1 [Reaffirmed]	30
India Nets	Bank Facilities	CARE A+; Stable/CARE A1 [Reaffirmed]	47.38
Tufropes Private Limited	Bank Facilities	CARE AA-; Stable/CARE A1+ [Reaffirmed]	50
Greenko Energies Private Limited	Bank Facilities	CARE A+; /CARE A1+ Placed on credit watch with negative implications	4811.30
Abhijit Realtors & Infraventures Private Limited	Bank Facilities	CARE B+; Stable/ CARE A4 [Revised from CARE B+; Stable;/ CARE A4]	33.53
Belij Hydro Power Private Limited	Bank Facilities	CARE BB; ISSUER NOT COOPERATING*	21.74
Suam Overseas Private Limited	Bank Facilities	CARE BBB; Stable/CARE A3+ [Reaffirmed]	67

**Provisional Rating*

CARE has classified instruments rated by it on the basis of complexity. This classification is available at[www.careratings.com.](http://www.careratings.com) *Investors/market intermediaries /regulators or others are welcome to write to* care@careratings.com *for any clarifications*

Explanatory notes regarding rating symbols of CARE

Symbol	Explanation	Symbol	Symbol	Explanation		Symbol	
CARE A1	Superior	CARE AAA	CARE AAA (FD)	Best Quality	High Investment Grade	CCt 1	Very high project execution capability
CARE A2	Strong	CARE AA	CARE AA (FD)	High Quality	-do-	CCt 2	High project execution capability
CARE A3	Adequate	CARE A	CARE A (FD)	Adequate Safety	Investment Grade	CCt 3	Moderate project execution capability
CARE A4	Risk prone	CARE BBB	CARE BBB (FD)	Moderate Safety	-do-	CCt 4	Inadequate project execution capability
CARE D	Default	CARE BB	CARE BB (FD)	Inadequate safety	Speculative Grade	CCt 5	Poor project execution capability
		CARE B	CARE B (FD)	Risk Prone	-do-		
		CARE C	CARE C (FD)	High Risk	Poor Grade		
		CARE D	CARE D(FD)	Default	-do-		

Disclaimer

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Greenko Solar Power (Dharmavaram) Limited

January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long term Bank Facilities	96.27 (reduced from 98.91)	**CARE A+ (CE) [Single A Plus; Credit Enhancement (Under Credit watch with Negative Implications)]**	Placed on credit watch with negative implications
Total Facilities	**96.27 (Rs. Ninety-Six Crore and Twenty-Seven lakhs Only)**		

Details of instruments/facilities in Annexure-1

Unsupported Rating [2]	**CARE BBB- (Under Credit watch with Negative Implications)**

Note : Unsupported Rating does not factor in the explicit credit enhancement

Detailed Rationale & Key Rating Drivers for the credit enhanced debt

The rating assigned to the bank facilities of Greenko Solar Power (Dharmavaram) Limited is backed by unconditional and irrevocable corporate guarantee extended by Greenko Energies Private Limited (GEPL, rated CARE A+ [Credit watch with negative implications]/CARE A1+ [Credit watch with negative implications]). The lenders shall be entitled to retain the guarantee till the time lenders are satisfied about the performance of the project for a continuous period of two years after the Commercial Operations Date (COD) pursuant to which the lenders at their own discretion issue No Objection Certificate (NOC) for discharge of the guarantee.

Detailed Rationale & Key Rating Drivers of Greenko Energies Private Limited

CARE has placed the ratings of Greenko Energies Private Ltd on **'Credit watch with negative implications'**. The rating watch follows the pending outcome from High Level Negotiation committee (HLNC) formed by GoAP, for reviewing the high priced wind and solar power purchase agreements and to negotiate with those who are selling wind and solar energy to AP distribution companies (DISCOMS), to bring down the prices and to make suitable recommendations. Further, uncertainty in the envisaged large debt funded capex undertaken for implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project) coupled with pending tie-up of offtake agreement.

The reaffirmation of ratings assigned to the bank facilities and long term instruments of Greenko Energies Private Limited (GEPL) factors in strong parentage at its ultimate holding company level with majority of stake being held by Cambourne Investment Pte. Limited (an affiliate of Government of Singapore Investment Corporation), experience of the founders, established track record of the group in owning and operating diversified portfolio of renewable energy assets, experience in executing large scale renewable energy projects, availability of the long-term off-take arrangement for most of the operating projects providing long term revenue visibility, infusion of equity and unsecured loans by the promoters, Strong ability of the group to access international debt market and stable outlook for the renewable power sector.

The ratings also factor in, acquisition of Skeiron Green Power Private Limited (Skeiron) assets leading to increase in overall capacity; increase in total operating income in FY19 (refers to the period April 01 to March 31) and Strong liquidity position.

However the ratings are constrained by uncertainty in implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project), significant net loss incurred in FY19, counterparty credit risk, refinancing risk, leveraged capital structure, exposure in group companies, stretched operating cycle led by high collection period and dependence on climatic condition.

Key Rating Drivers of Greenko Solar Power (Dharmavaram Limited

CARE has placed the rating of Greenko Solar Power (Dharmavaram) Limited (GSDL) on "Credit Watch with negative implications". The rating watch follows the pending outcome from High Level Negotiation committee (HLNC) formed by GoAP, for reviewing the high priced wind and solar power purchase agreements and to negotiate with those who are selling wind and solar energy to AP power distribution companies (DISCOMS), to bring down the prices and to make suitable recommendations.

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

[2] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019. As per this circular, the suffix 'CE' (Credit Enhancement) is assigned to the ratings with explicit external credit enhancement, against the earlier used suffix 'SO' (Structured Obligation).*

The rating assigned to the bank facilities of GSDL derive strength from strong and experienced promoters coupled with reputed international investors, established track record of sponsors in owning and operating renewable energy assets, revenue visibility on account of presence of long term PPA, improved operational performance and stable industry outlook for renewable power sector. The rating also factors stretched liquidity due to delay in payments from the Discom, weak credit profile of the off-taker, climatic & technological risk and uncertainty in renewable energy norms of Andhra Pradesh Government.

Rating Sensitivities

Positive Factors

- Reinstatement of the PPA on the existing terms by APDISCOM along with improvement in collection cycle to be within 3 to 4 months, on a sustainable basis.
- Overall gearing improves to 2.33x (GEPL Consolidated)

Negative Factors

- Any adverse outcome on PPA renegotiation taken up by the Andhra Pradesh Government and any large debt funded capex
- Withdrawal of support for cash shortfall at Greenko Group level

Detailed description of the key rating drivers

Key Rating Strengths

Strong parentage at its ultimate holding company level: GEPL is a wholly owned subsidiary of Greenko Mauritius, which in turn, is a wholly owned subsidiary of Greenko Energy Holdings (GEH). GEH is held by Cambourne Investment Pte Ltd, an 100% investment arm of GIC, the Sovereign Wealth Fund of Singapore (62%), Abu Dhabi Investment Authority (16%) and founders through GVL (Mauritius) Limited (22%).

Strong and experienced founders: Greenko Group was co-founded by Mr Anil Chalamalasetty and Mr Mahesh Kolli in 2006, with the objective of owning and operating clean energy facilities. The group owns and operates renewable energy plants in India through GEPL.

Established track record of sponsors in owning & operating renewable energy assets: The Greenko group has a diversified portfolio of renewable energy assets spread across biomass, hydro-electric, wind, solar and Low Sulphur Heavy Stock (LSHS) based power plants. As on November 30, 2019, GEPL at a consolidated level had cumulative installed capacity (operating projects) of 1.97 GW and the group's cumulatively installed capacity (operating projects) of hydro, wind, solar and biomass projects stood at 4.23 GW.

Experience of executing large scale projects: The Greenko group over a last one decade had garnered strong capabilities and gained rich experience in executing relatively large scale renewable energy projects.

Strong ability of the group to access international debt market albeit refinancing risk: The Greenko group over the past few years has demonstrated strong ability to access international debt market and derive economic benefits thereof. Although, the group has been able to demonstrate strong ability to access international / domestic debt markets and refinance its debt exposure, significant refinancing risk prevails at group level considering high bullet repayments commencing from FY24 & FY25.

Long-term revenue visibility for operational capacity: Majority of the operational capacity is tied up under long-term PPAs ranging between 10 and 25 years, at fixed tariffs, which provides long-term revenue visibility.

Acquisition of Skeiron's and orange group wind and solar assets leading to increase in overall capacity: Greenko group had acquired Orange's wind and solar portfolio aggregating to 907.20 MW and Skeiron's operational wind portfolio aggregating to 384.30 MW. As a result of acquisition, overall operating capacity of Greenko Group increased to 4.23 GW as on November 30, 2019.

Infusion of funds: There has been continuous infusion of funds by the promoters through GEH/Greenko Mauritius, the holding company of GEPL. At the Group level, the two sovereign funds have committed fund infusion of USD 2.2 Billion (which includes ~USD 500 Mn for IREP Project) for the expansion at both organic and inorganic. During FY19, the promoters have infused Rs.152.56 crore in GEPL consolidated level to fund the ongoing capex and to support the operations. Further the promoters have infused Rs.133.29 crore in the form of unsecured loans at individual SPV level to support the operations.

Growth in total operating income and PBILDT margin: Total operating income of the company grew by about 24% in FY19 vis-à-vis FY18 on account of acquisition/operationalization/commercialization of projects leading to improvement in installed capacity and increase in power generation. The major cost driver with respect to operational projects is O&M

costs which are generally fixed vis-à-vis increasing revenue upon stabilisation which has resulted in improvement in PBILDT margin of the company by 149 bps bps to 81.67% in FY19.

Strong liquidity position As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Key Rating Weaknesses

Implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project (IREP)): IREP consists of four components namely; Standalone Pumped Storage Project (PSP), Wind Project, Solar Project and Central Evacuation Infrastructure (CEI). GEPL is implementing PSP of 1200 MW (4 units of 240 MW each and 2 units of 120 MW each) storage capacity and CEI components. The project is approved by Government of Andhra Pradesh (GoAP) and as per Government Order dated July 19, 2018, GoAP has approved establishment of the project along with allocation of 1 TMC of water on a non-consumptive basis and allocation of land required for construction of the project. Power generated from IREP project will be evacuated through Power Grid Corporation of India Limited's (PGCIL) network. The company has Stage I clearance from PGCIL in place. Currently, the project being in nascent stage, achieving commercial operations within the envisaged time lines couple with tie-up of offtake and estimated cost will be critical from credit risk perspective.

Equity commitment by promoters: Total project envisaged for the IREP project undertaken is Rs.6730.40 crore which is proposed to be funded by equity of Rs.2019.10 crore and debt of Rs.4711.30 crore. The Board of Greenko has approved the project and has committed to meet the equity requirement towards the project by way of board resolution. Further, the company has achieved financial closure for the total debt requirement and has drawn part disbursement towards R&R costs, thereby mitigating the funding risk to implement the project.

Net loss incurred during FY19: During FY19, increase in total debt availed to fund the projects undertaken resulted in increase in interest expense significantly and increase in depreciation cost at the back of increased asset base, resulted in the company incurring net loss of Rs.277.53 crore in FY19 as against net loss of Rs.253.66 crore. However, the company registered cash profit of Rs.405.26 crore in FY19 as against Rs.259.45 crore in FY18.

Leveraged capital structure: With increase in total debt to fund the capex of various new projects and refinancing of outstanding debt, overall gearing of the company (on consolidated basis) deteriorated to 3.31x as on March 31, 2019 as compared to 3.18x as on March 31, 2018. However the debt coverage indicator i.e. total debt to GCA has improved marginally from 40.10x in FY18 to 36.11x in FY19 due to increase in the gross cash accruals.

Stretched operating cycle albeit improved: Operating cycle of the company continues to remain stretched though improved to 120 days in FY19 from 162 days in FY18. As most of the projects have Power Purchase Agreements (PPAs) with state electricity boards where the collection periods are generally elongated. The collection period has increased from 159 days in FY18 to 167 days in FY19 at the back of delay in realization of debtors primarily from Telangana and AP Discoms, which are outstanding for 270+days for Telangana Discoms and 330+ days for AP Discoms.

Exposure in group companies: GEPL had extended corporate guarantees to its group companies (i.e excluding subsidiaries) aggregating to Rs.4,987 crore as on November 30, 2019 (as against Rs.5,611 crore as on September 30, 2018). Around 10 operating Solar Power Projects of aggregate capacity of 500 MW, where in total corporate guarantee extended by GEPL is Rs 3000 crore (of the total CG of Rs 4,987 crore) have PPA with NTPC Ltd (rated CARE AAA; Stable/CARE A1+), thereby significantly lowers the counterparty credit risk.

Counter party credit risks: The group is exposed to credit risk related to timely realization of dues from state owned DISCOM's with weak financial risk profile; however, to an extent risk is mitigated due to its geographically diversified assets portfolio spread across various states/DISCOM's in India. At Greenko Group level, the offtaker mix is also diversified across state utilities (11 account for 73%) direct industrial and commercial customers 10% and sovereign owned entities 16%. The diversification provide support for generation spread throughout the year and most stable cash flows. The group also has an element of concentration in its customer mix with its top 4 customers state utilities in AP, Karnataka, Telangana and Tamil Nadu accounting 51% of offtake by capacity. Delay in receipt from state utilities would exert working capital pressure.

Dependence on seasonal wind patterns for power generation: Wind projects are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns which affect the PLF. The company has also forayed in the solar power segment. Achievement of desired solar power generation would be subject to change in climatic conditions, amount of degradation of modules as well as technological risks.

Liquidity: Strong
As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Analytical approach: Consolidated ; CARE has analyzed Greenko Energies Private Limited's credit profile by considering the consolidated financial statements (comprising GEPL and its subsidiaries operating under Wind, Hydro and Biomass energy segment) owing to financial and operational linkages between the parent and subsidiaries. CARE has also considered strength of GEH owing to its financials linkages with GIC and ADIA

Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch'
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology: Solar Power Projects
Rating Methodology – Wind Power Projects
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Rating Methodology - Private Power Producers
Financial ratios – Non-Financial Sector

About the Company – Greenko Energies Private Limited
Incorporated in July 2000, Greenko Energies Private Limited (GEPL) is wholly owned subsidiary of Greenko Mauritius Ltd (Greenko Mauritius), which is in turn is a subsidiary of Greenko Energy Holdings **(GEH; rated S&P B+; Stable, Moody's Ba1; Stable and Fitch BB-; Stable**, the ultimate holding company of Greenko Group. The major shareholding in GEH is held by Cambourne Investment Pte Ltd, an affiliate of Government of Singapore Investment Corporation (GIC, **rated Moody's Aaa**), which is holding 62.33% in GEH along with Abu Dhabi Investment Authority (holding 15.64%) and balance 22.03% held by the founders through GVL (Mauritius) Limited (rated CARE MAU BBB+; Stable). Greenko group owns and operates renewable energy plants in India either through Hold.Co companies or through GEPL and its subsidiaries. As on November 30, 2019, **GEPL at consolidated leve**l has a totalled installed **operational capacity of 1.97 GW** of renewable energy assets and another **0.14 GW projects under implementation.**
Greenko group has a **total installed operational capacity of 4.23 GW** as on November 30, 2019 (as against 3.89 GW as on November 30, 2018). Another 4 projects (3 solar and 1 Hydro) **aggregating to 0.23 GW are under implementation**.

About the Company – Greenko Solar Power (Dharmavarm) Limited
Incorporated in March 2012, Greenko Solar Power (Dharmavaram) Limited (GSDL) is promoted by Greenko Group post acquisition from rain Cements Limited for setting up a 22MW solar power project in Kunthuru Village, Ananthapur District of Andhra Pradesh. Total project cost incurred was Rs.150.47 crore (as against initial envisaged cost of Rs.151 crore; debt of Rs.121 crore and equity of Rs.30 crore) which has been funded through debt of Rs.99.85 crore and equity of Rs.50.62 crore. The project achieved COD on November 07, 2017 as against the envisaged commencement date of March 08, 2016. The company entered into Power Purchase Agreement with Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) for a period of 25 years at a tariff rate of Rs.3.74 per kWh for first year with 3% escalation y-o-y from 2nd year to 10th year and tariff for 11th year to 25th year would be same as tariff of 10th year.
Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Brief Financials (Rs. crore)-GEPL Consol.	FY18 (A)	FY19 (A)
Total operating income	1626.36	2019.45
PBILDT	1303.94	1649.33
PAT	-253.66	-277.53
Overall gearing (times)	3.18	3.31
Interest coverage (times)	1.28	1.38

A: Audited

Brief Financials (Rs. crore)-GSDL	FY18 (A)	FY19 (A)
Total operating income	17.69	26.41
PBILDT	15.68	24.33
PAT	-0.01	5.89
Overall gearing (times)	3.11	2.83
Interest coverage (times)	1.75	2.00

A: Audited

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	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	September 2031	96.27	CARE A+ (CE) (Under Credit watch with Negative Implications)
Un Supported Rating-Un Supported Rating (Long Term)	-	-	-	-	0.00	CARE BBB- (Under Credit watch with Negative Implications)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	96.27	CARE A+ (CE) (Under Credit watch with Negative Implications)	1)CARE A+ (CE) (Under Credit watch with Developing Implications) (04-Jul-19)	1)CARE A+ (SO); Stable (27-Dec-18) 2)CARE A+ (SO); Stable (01-Oct-18)	-	-
2.	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB- (Under Credit watch with Negative Implications)	-	-	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-Not Applicable

Annexure-4 List of Subsidiaries used for consolidation

S No.	Subsidiaries
1	AMR Power Private Limited
2	Anantpura Wind Energies Private Limited
3	Animala Wind Power Private Limited
4	Axis Wind Farms (MPR Dam) Private Limited
5	Belum Wind Infrastructure Private Limited
6	Devarahipparigi Wind Power Private Limited
7	Devgarh Wind Projects Private Limited
8	Dwarkamai Wind Power Private Limited
9	Ecofren Power and Projects Private Limited
10	Fortune Five Hydel Projects Private Limited
11	Gangdari Hydro Power Private Limited
12	Greenko Anubhav Hydel Power Private Limited
13	Greenko Astha Projects (India) Private Limited
14	Greenko AT Hydro Power Private Limited
15	Greenko Bagalkot Solar Private Limited
16	Greenko Bagewadi Wind Energies Private Limited
17	Greenko Budhil Hydro Power Private Limited
18	Greenko (Borampalle) Wind Projects Private Limited
19	Greenko Cimaron Constructions Private Limited
20	Greenko Energy Ventures Private Limited
21	Greenko Godavari Power Projects Private Limited
22	Greenko Hatkoti Energy Private Limited
23	Greenko Himkailash Hydro Power Private Limited
24	Greenko Infrastructure Private Limited
25	Greenko Rayala Wind Power Private Limited
26	Greenko Shimoga Solar Private Limited
27	Greenko Sri Sai Krishna Hydro Energies Private Limited
28	Greenko Sumez Hydro Energies Private Limited
29	Greenko Taluka Solar Private Limited
30	Greenko Tarela Power Private Limited
31	Greenko Tejassarnika Hydro Energies Private Limited
32	Greenko Wind Energies Private Limited
33	Greenko Wind Projects Private Limited
34	Greenko Zenith Energy Solutions Private Limited
35	Guttaseema Wind Energy Company Private Limited
36	Hemavathy Power & Light Private Limited
37	ISA Power Private Limited
38	Jasper Energy Private Limited
39	Kanhur Wind Power Private Limited
40	Kukke Hydro Projects Private Limited
41	Kumaradhra Power Private Limited
42	LVS Power Private Limited
43	Matrix Power (Wind) Private Limited
44	Mangalore Energies Private Limited
45	Penna Wind Farms Private Limited
46	Perla Hydro Power Private Limited
47	Ratnagiri Wind Power Projects Private Limited
48	Ravikiran Power Projects Private Limited
49	Rayalaseema Wind Energy Company Private Limited
50	Rithwik Energy Generation Private Limited
51	Roshni Powertech Private Limited
52	Sai Spurthi Power Private Limited
53	Sai Teja Energies Private Limited
54	Saipuram Wind Energies Private Limited
55	SEI Adhavan Power Private Limited

S No.	Subsidiaries
56	Sneha Kinetic Power Projects Private Limited
57	Sunam Power Private Limited
58	Swasti Power Private Limited
59	Tanot Wind Power ventures Private Limited
60	Technology House (India) Private Limited
61	Vayuputhra Energy Private Limited
62	Vyshali Energy Private Limited
63	Greenko Solar Connection Private Limited
64	Greenko Solar Projects Private Limited
65	Himachal Sorang Power Private Limited
66	Skeiron Green Power Private Limited
67	Skeiron Renewable Energy Private Limited
68	Skeiron Renewable Energy Amidyala Private Limited
69	Skeiron Renewable Energy Kustagi Private Limited
70	Sandla Wind Project Private Limited
71	Shanay Renewables Limited
72	Saroja Renewables Limited
73	Greenko East Coast Power Projects Private Limited

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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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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Emami Agrotech Limited
January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[3]	Rating Action
Long-term Bank Facilities	1,401.26 (enhanced from 588.34)	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Reaffirmed**
Short-term Bank Facilities	5,540.30	**CARE A2 (A Two)**	**Reaffirmed**
Total Bank Facilities	**6,941.56 (Rupees Six Thousand Nine Hundred Forty One crores and Fifty Six lakh Only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Emami Agrotech Ltd (EAL) continues to draw comfort from the rich industry experience and demonstrated financial support in the form of unsecured loans from promoter, established distribution network and well-known brand name, consistent growth in the scale of operations, satisfactory working capital cycle, stable outlook of the edible oil industry with and adequate liquidity position of the company. The ratings, however, remain constrained by significant dependence on the import of raw material exposing EAL to foreign exchange fluctuation risk, low profit margin due to low value addition, raw material price volatility risk intense competition and regulatory risk associated with the edible oil industry, along with moderate capital structure and debt coverage indicators and project implementation risk. CARE notes the presence of hedging mechanism for covering foreign currency fluctuation and commodity price volatility.

Key Rating Sensitivities

Positive Factor:
1. Growth in scale of operations as marked by total operating income of above Rs. 30,000 crores on a sustained basis
2. Increase in profitability margins as marked by PBILDT margins of above 5% on a sustained basis

Negative Factor:
1. Any delay in procurement of envisaged funds from promoters for the project
2. Decline in free cash & liquid investment below Rs.280cr on a sustained basis.
3. Deterioration in net overall gearing (> 2.00x) on a sustained basis.

Detailed description of the key rating drivers

Key Rating Strengths

Strong group with significant fund infusion by the promoters

EAL belonging to the Kolkata based Emami group, is one of the leading manufacturers of herbal and ayurvedic products in personal, cosmetic and health care segments with market leadership in few of its products. The group has demonstrated continuous support towards fund requirement of EAL. In FY19, the promoters infused Rs. 281.00 crores as unsecured loans. The promoters of the group, Mr. R. S. Agarwal and Mr. R. S. Goenka have business experience of about four decades.

Established distribution network, branding and marketing arrangement

EAL has major presence in West Bengal, Uttar Pradesh, Bihar, Jharkhand, Odisha, Manipur and Assam and also penetrated in Maharashtra, Rajasthan, Punjab and Delhi for its edible oils business through a strong network of 1,600 distributors, 31 depots and through direct reach to around 3,50,000 retailers. The sale of branded oil increased to 50% of net sales in FY19 compared to 44% in FY18 signifying improved brand image of EAL's products.

Consistent growth in the scale of operations albeit decline in profitability in FY19, followed by improvement witnessed in H1FY20

The financial performance of the company is characterized by improvement in scale of operation due to some degree of moderation of competition within the industry and increased focus on branded and value-added products. Net sales of the company grew considerably by 38% y-o-y in FY19 driven by considerable increase in average sales realization and growth in sales volume.

PBILDT margin declined slightly from 3.58% in FY18 to 3.13% in FY19 on account of increase in crude soya and palm oil prices in addition to increase of basic custom duty on its imports. Further, EAL achieved net sales of about Rs. 6319 crores

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

in H1FY20 & a PBILDT of Rs 218.00 crs thereby earning a slightly high margin of 3.45% vis-à-vis 3.13% in FY19 due to various cost saving measures being implemented by the company.

Satisfactory working capital cycle

EAL is required to hold inventory (40-50 days), given the seasonality in edible oilseeds production and lack/non-availability of soybean/palm oilseeds in the domestic market. As the edible oil business is carried on cash and carry basis, the average collection period is low at 17 days in FY19. The average working capital cycle EAL is around 29-38 days.

Moderate capital structure and debt coverage indicators

The company majorly imports its raw material through foreign Letter of Credit (LC's). The overall gearing ratio (considering debt net of margin money) improved to 1.70x as on March 31, 2019 vis-à-vis 2.28x as on March 31, 2018. Interest coverage ratio however deteriorated in FY19 on account of increase in interest cost as a result of increased borrowings of the company and remained moderate at 1.37x in FY19 (1.74x in FY18). Net debt/GCA, although high, remained stable at 12.05x as on Mar 31, 2019 as against 12.28x as on Mar 31, 2018.

Key Rating Weaknesses

Significant dependence on import of raw material exposes EAL to foreign exchange fluctuation risk

Raw material cost accounted for a major chunk of total cost of sales of EAL during the last three years. Major raw materials required for EAL are crude palm oil (CPO), crude soya oil (CSO) and crude sunflower oil. EAL is significantly dependent on imports for procurement of CPO (Indonesia and Malaysia), CSO (Latin America, Brazil and Argentina) and sunflower oil (Ukraine) in view of lack of availability in domestic market. As such, the company is also exposed to the risk of adverse movement in forex rates. However, EAL follows reasonable hedging policies for mitigation of forex risk.

Regulatory risk associated with edible oil industry

The price of palm oil imported by India from the largest exporters of the commodity in the world, i.e., Indonesia and Malaysia, are affected by the frequent duty structure changes done by the respective national government to protect their domestic industries. EAL is exposed to adverse changes in regulatory and import/export duty structures based on actions of various government institutions. .In January 2019, the government has reduced the import duty on CPO to 40% and RPO to 45% (if imported from Malaysia) and 50% (if imported from Association of South East Asian Nations including Indonesia).On September 04, 2019 import duty on RPO on import from Malaysia increase to 50%; thereby increasing the duty differential from 5% to 10% for Malaysia also. At present, the import duty on crude palm oil is 40% and on refined palm oil is 50%. Also, a social welfare surcharge of 10% over and above the duty rates has been imposed. Accordingly, EAL is exposed to regulatory risks associated with import/ export of edible oil.

Low profit margin in the industry due to low value addition, raw material price volatility and intense competition

The operating margins of edible oil refiners are generally low owing to low value addition involved in the business and raw material price volatility. The industry is also highly fragmented with presence of large number of small-sized players and few large players in the branded segment. The intense competition in the industry also exerts pressure on the already stressed operating margin.

Project Implementation risk

The Company is in the process of expanding its existing facility at Haldia by way of setting up 2,000 TPD refining plant at Haldia at capital cost of Rs. 300 crore to produce refined edible oil. The entire expansion project in Haldia would be funded by a mix of promoter's contribution of Rs. 90 crores and a fresh term loan of Rs. 210 crores. The facility is expected to begin commercial production from January 2020. Post which, the capacity of Haldia plant would increase from 3,600 TPD to 5,600 TPD at the end of FY20. Cost incurred till September 30, 2019 on the project is Rs.180.31 crores (Rs 71.74 cr. funded by way of promoter contribution and Rs.108.57 by term loan from Punjab & Sind Bank).

EAL is also setting up a Greenfield project of 3,000 TPD edible oil refinery in Kandala, Gujarat at an estimated cost of Rs. 545 crores, to be funded through promoters' contribution of Rs. 160 crores and a term loan of Rs. 385 crores. Currently, the project is under progress. Expected time for completion of the project would be Q2, 2021. Till September 30, 2019 Company has incurred Rs.103.87 cr. The successful execution and achievement of desired level of capacity utilization shall remain be key rating monitorable.

Liquidity: Adequate

EAL has cash and bank balance (including margin money) amounting to Rs. 2,871 crores as on March 31, 2019. The cash and bank balance (excluding margin money) stood at Rs.383.93 crores as on March 31, 2019. The current ratio and quick ratio of the company stood at 1.03x and 0.78x as on March 31, 2019. In FY20, EAL has repayment obligation of Rs. 297.00 crs and it has paid around Rs 198 crs till September'19. The company's cash accruals & liquid balances are expected to be sufficient to meet its debt repayment obligations.

Analytical approach: Standalone with linkages with Emami Group

Applicable Criteria
Criteria on assigning Outlook & Credit watch to Credit Ratings
CARE's Policy on Default Recognition
CARE's methodology for manufacturing companies
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments
Consolidation & Factoring linkages in Rating

About the Company
Emami Agrotech Ltd (EAL), belonging to the Emami Group of Kolkata, is engaged in refining of various oils (palm, soya, sunflower, rice bran & Vanaspati). Over the years, EAL has emerged as one of the leading players in the Indian edible oil industry, with dominant position in the Eastern region.
The oil processed/refined by EAL is sold under the brand name of 'Himani Best Choice' (in the popular segment) and 'Emami Healthy & Tasty' (in the premium segment). EAL entered the Vanaspati oil market with acquisition of brand 'Rasoi' in FY15. Moreover, for forward integration it has expanded the product portfolio to include more value added products used in bakery industry, sold under the brand name 'Bakemagic'. In August 2019, Healthy and Tasty entered into the spices category with the launch of its sub-brand Mantra - a range of 100% natural and fresh spices, masalas and tastemakers which is a high margin focus segment. The sale of branded oil contributed to around 50% of net sales in FY19 (44% of net sales in FY18).

Brief Financials (Rs. Crore)	FY18 (A)	FY19 (A)
Total Operating Income	9034.31	12525.68
PBILDT	323.64	391.83
PAT	90.12	125.33
Overall gearing (times)	2.28	1.70
Interest coverage (times)	1.74	1.47

A: Audited

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
Fund-based - LT-Term Loan	-	-	Jan 2027	1401.26	CARE A-; Stable
Non-fund-based - ST-Letter of credit	-	-	-	5460.30	CARE A2
Non-fund-based - ST-Bank Guarantees	-	-	-	80.00	CARE A2

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	1401.26	CARE A-; Stable	-	1)CARE A-; Stable (08-Jan-19)	1)CARE A-; Stable (17-Aug-17)	1)CARE BBB+; Stable (12-Jan-17)
2.	Non-fund-based - ST-Letter of credit	ST	5460.30	CARE A2	-	1)CARE A2 (08-Jan-19)	1)CARE A2 (25-Jan-18) 2)CARE A2 (17-Aug-17)	1)CARE A3+ (12-Jan-17)
3.	Non-fund-based - ST-Bank Guarantees	ST	80.00	CARE A2	-	1)CARE A2 (08-Jan-19)	1)CARE A2 (25-Jan-18) 2)CARE A2 (17-Aug-17)	1)CARE A3+ (12-Jan-17)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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.

Greenko Godavari Power Projects Private Limited

January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating4	Rating Action
Long term Bank Facilities	15.00	**CARE A+ (CE) [Single A Plus; Credit Enhancement (Under Credit watch with Negative Implications)]**	Placed on credit watch with negative implications
Total Facilities	**15.00 (Rs. Fifteen Crore Only)**		

Details of instruments/facilities in Annexure-1

Unsupported Rating [5]	**CARE BBB-; Stable**

Note : Unsupported Rating does not factor in the explicit credit enhancement

Detailed Rationale & Key Rating Drivers for the credit enhanced debt

The rating assigned to the bank facilities of Greenko Godavari Power Projects Private Limited is backed by unconditional and irrevocable corporate guarantee extended by Greenko Energies Private Limited (GEPL, rated CARE A+ [Credit watch with negative implications]/CARE A1+ [Credit watch with negative implications]).

Detailed Rationale & Key Rating Drivers of Greenko Energies Private Limited

CARE has placed the ratings of Greenko Energies Private Ltd on **'Credit watch with negative implications'**. The rating watch follows the pending outcome from High Level Negotiation committee (HLNC) formed by GoAP, for reviewing the high priced wind and solar power purchase agreements and to negotiate with those who are selling wind and solar energy to AP distribution companies (DISCOMS), to bring down the prices and to make suitable recommendations. Further, uncertainty in the envisaged large debt funded capex undertaken for implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project) coupled with pending tie-up of offtake agreement.

The reaffirmation of ratings assigned to the bank facilities and long term instruments of Greenko Energies Private Limited (GEPL) factors in strong parentage at its ultimate holding company level with majority of stake being held by Cambourne Investment Pte. Limited (an affiliate of Government of Singapore Investment Corporation), experience of the founders, established track record of the group in owning and operating diversified portfolio of renewable energy assets, experience in executing large scale renewable energy projects, availability of the long-term off-take arrangement for most of the operating projects providing long term revenue visibility, infusion of equity and unsecured loans by the promoters, Strong ability of the group to access international debt market and stable outlook for the renewable power sector.
The ratings also factor in, acquisition of Skeiron Green Power Private Limited (Skeiron) assets leading to increase in overall capacity; increase in total operating income in FY19 (refers to the period April 01 to March 31) and Strong liquidity position.
However the ratings are constrained by uncertainty in implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project), significant net loss incurred in FY19, counterparty credit risk, refinancing risk, leveraged capital structure, exposure in group companies, stretched operating cycle led by high collection period and dependence on climatic condition.

Key Rating Drivers of Greenko Godavari Power Projects Private Limited

The rating assigned to the bank facilities of GGPPPL derive strength from strong and experienced promoters coupled with reputed international investors, established track record of sponsors in owning and operating renewable energy assets and stable industry outlook for renewable power sector. The rating also factors project completion risk on account of pending allocation of natural gas by Ministry of Petroleum and Natural gas.

Rating Sensitivities

Positive Factors

- Reinstatement of the PPA on the existing terms by APDISCOM along with improvement in collection cycle to be within 3 to 4 months, on a sustainable basis.
- Overall gearing improves to 2.33x (GEPL Consolidated)

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

[5] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019. As per this circular, the suffix 'CE' (Credit Enhancement) is assigned to the ratings with explicit external credit enhancement, against the earlier used suffix 'SO' (Structured Obligation).*

Negative Factors

- Any adverse outcome on PPA renegotiation taken up by the Andhra Pradesh Government and any large debt funded capex
- Withdrawal of support for cash shortfall at Greenko Group level

Detailed description of the key rating drivers
Key Rating Strengths
Strong parentage at its ultimate holding company level: GEPL is a wholly owned subsidiary of Greenko Mauritius, which in turn, is a wholly owned subsidiary of Greenko Energy Holdings (GEH). GEH is held by Cambourne Investment Pte Ltd, an 100% investment arm of GIC, the Sovereign Wealth Fund of Singapore (62%), Abu Dhabi Investment Authority (16%) and founders through GVL (Mauritius) Limited (22%).
Strong and experienced founders: Greenko Group was co-founded by Mr Anil Chalamalasetty and Mr Mahesh Kolli in 2006, with the objective of owning and operating clean energy facilities. The group owns and operates renewable energy plants in India through GEPL.

Established track record of sponsors in owning & operating renewable energy assets: The Greenko group has a diversified portfolio of renewable energy assets spread across biomass, hydro-electric, wind, solar and Low Sulphur Heavy Stock (LSHS) based power plants. As on November 30, 2019, GEPL at a consolidated level had cumulative installed capacity (operating projects) of 1.97 GW and the group's cumulatively installed capacity (operating projects) of hydro, wind, solar and biomass projects stood at 4.23 GW.

Experience of executing large scale projects: The Greenko group over a last one decade had garnered strong capabilities and gained rich experience in executing relatively large scale renewable energy projects.

Strong ability of the group to access international debt market albeit refinancing risk: The Greenko group over the past few years has demonstrated strong ability to access international debt market and derive economic benefits thereof. Although, the group has been able to demonstrate strong ability to access international / domestic debt markets and refinance its debt exposure, significant refinancing risk prevails at group level considering high bullet repayments commencing from FY24 & FY25.

Long-term revenue visibility for operational capacity: Majority of the operational capacity is tied up under long-term PPAs ranging between 10 and 25 years, at fixed tariffs, which provides long-term revenue visibility.

Acquisition of Skeiron's and orange group wind and solar assets leading to increase in overall capacity: Greenko group had acquired Orange's wind and solar portfolio aggregating to 907.20 MW and Skeiron's operational wind portfolio aggregating to 384.30 MW. As a result of acquisition, overall operating capacity of Greenko Group increased to 4.23 GW as on November 30, 2019.

Infusion of funds: There has been continuous infusion of funds by the promoters through GEH/Greenko Mauritius, the holding company of GEPL. At the Group level, the two sovereign funds have committed fund infusion of USD 2.2 Billion (which includes ~USD 500 Mn for IREP Project) for the expansion at both organic and inorganic. During FY19, the promoters have infused Rs.152.56 crore in GEPL consolidated level to fund the ongoing capex and to support the operations. Further the promoters have infused Rs.133.29 crore in the form of unsecured loans at individual SPV level to support the operations.

Growth in total operating income and PBILDT margin: Total operating income of the company grew by about 24% in FY19 vis-à-vis FY18 on account of acquisition/operationalization/commercialization of projects leading to improvement in installed capacity and increase in power generation. The major cost driver with respect to operational projects is O&M costs which are generally fixed vis-à-vis increasing revenue upon stabilisation which has resulted in improvement in PBILDT margin of the company by 149 bps bps to 81.67% in FY19.

Strong liquidity position As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Key Rating Weaknesses
Implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project (IREP)): IREP consists of four components namely; Standalone Pumped Storage Project (PSP), Wind Project, Solar Project and Central Evacuation Infrastructure (CEI). GEPL is implementing PSP of 1200 MW (4 units of 240

MW each and 2 units of 120 MW each) storage capacity and CEI components. The project is approved by Government of Andhra Pradesh (GoAP) and as per Government Order dated July 19, 2018, GoAP has approved establishment of the project along with allocation of 1 TMC of water on a non-consumptive basis and allocation of land required for construction of the project. Power generated from IREP project will be evacuated through Power Grid Corporation of India Limited's (PGCIL) network. The company has Stage I clearance from PGCIL in place. Currently, the project being in nascent stage, achieving commercial operations within the envisaged time lines couple with tie-up of offtake and estimated cost will be critical from credit risk perspective.

Equity commitment by promoters: Total project envisaged for the IREP project undertaken is Rs.6730.40 crore which is proposed to be funded by equity of Rs.2019.10 crore and debt of Rs.4711.30 crore. The Board of Greenko has approved the project and has committed to meet the equity requirement towards the project by way of board resolution. Further, the company has achieved financial closure for the total debt requirement and has drawn part disbursement towards R&R costs, thereby mitigating the funding risk to implement the project.

Net loss incurred during FY19: During FY19, increase in total debt availed to fund the projects undertaken resulted in increase in interest expense significantly and increase in depreciation cost at the back of increased asset base, resulted in the company incurring net loss of Rs.277.53 crore in FY19 as against net loss of Rs.253.66 crore. However, the company registered cash profit of Rs.405.26 crore in FY19 as against Rs.259.45 crore in FY18.

Leveraged capital structure: With increase in total debt to fund the capex of various new projects and refinancing of outstanding debt, overall gearing of the company (on consolidated basis) deteriorated to 3.31x as on March 31, 2019 as compared to 3.18x as on March 31, 2018. However the debt coverage indicator i.e. total debt to GCA has improved marginally from 40.10x in FY18 to 36.11x in FY19 due to increase in the gross cash accruals.

Stretched operating cycle albeit improved: Operating cycle of the company continues to remain stretched though improved to 120 days in FY19 from 162 days in FY18. As most of the projects have Power Purchase Agreements (PPAs) with state electricity boards where the collection periods are generally elongated. The collection period has increased from 159 days in FY18 to 167 days in FY19 at the back of delay in realization of debtors primarily from Telangana and AP Discoms, which are outstanding for 270+days for Telangana Discoms and 330+ days for AP Discoms.

Exposure in group companies: GEPL had extended corporate guarantees to its group companies (i.e excluding subsidiaries) aggregating to Rs.4,987 crore as on November 30, 2019 (as against Rs.5,611 crore as on September 30, 2018). Around 10 operating Solar Power Projects of aggregate capacity of 500 MW, where in total corporate guarantee extended by GEPL is Rs 3000 crore (of the total CG of Rs 4,987 crore) have PPA with NTPC Ltd (rated CARE AAA; Stable/CARE A1+), thereby significantly lowers the counterparty credit risk.

Counter party credit risks: The group is exposed to credit risk related to timely realization of dues from state owned DISCOM's with weak financial risk profile; however, to an extent risk is mitigated due to its geographically diversified assets portfolio spread across various states/DISCOM's in India. At Greenko Group level, the offtaker mix is also diversified across state utilities (11 account for 73%) direct industrial and commercial customers 10% and sovereign owned entities 16%. The diversification provide support for generation spread throughout the year and most stable cash flows. The group also has an element of concentration in its customer mix with its top 4 customers state utilities in AP, Karnataka, Telangana and Tamil Nadu accounting 51% of offtake by capacity. Delay in receipt from state utilities would exert working capital pressure.

Dependence on seasonal wind patterns for power generation: Wind projects are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns which affect the PLF. The company has also forayed in the solar power segment. Achievement of desired solar power generation would be subject to change in climatic conditions, amount of degradation of modules as well as technological risks.

Liquidity: Strong

As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Analytical approach: Consolidated ; CARE has analyzed Greenko Energies Private Limited's credit profile by considering the consolidated financial statements (comprising GEPL and its subsidiaries operating under Wind, Hydro and Biomass energy segment) owing to financial and operational linkages between the parent and subsidiaries. CARE has also considered strength of GEH owing to its financials linkages with GIC and ADIA

Applicable Criteria
[Criteria on assigning 'outlook' and 'credit watch']
[CARE's Policy on Default Recognition]
[Criteria for Short Term Instruments]
[Rating Methodology: Solar Power Projects]
[Rating Methodology – Wind Power Projects]
[Rating Methodology: Consolidation and Factoring Linkages in Ratings]
[Rating Methodology - Private Power Producers]
[Financial ratios – Non-Financial Sector]

About the Company – Greenko Energies Private Limited
Incorporated in July 2000, Greenko Energies Private Limited (GEPL) is wholly owned subsidiary of Greenko Mauritius Ltd (Greenko Mauritius), which is in turn is a subsidiary of Greenko Energy Holdings **(GEH; rated S&P B+; Stable, Moody's Ba1; Stable and Fitch BB-; Stable**, the ultimate holding company of Greenko Group. The major shareholding in GEH is held by Cambourne Investment Pte Ltd, an affiliate of Government of Singapore Investment Corporation (GIC, **rated Moody's Aaa**), which is holding 62.33% in GEH along with Abu Dhabi Investment Authority (holding 15.64%) and balance 22.03% held by the founders through GVL (Mauritius) Limited (rated CARE MAU BBB+; Stable). Greenko group owns and operates renewable energy plants in India either through Hold.Co companies or through GEPL and its subsidiaries. As on November 30, 2019, **GEPL at consolidated leve**l has a totalled installed **operational capacity of 1.97 GW** of renewable energy assets and another **0.14 GW projects under implementation.**
Greenko group has a **total installed operational capacity of 4.23 GW** as on November 30, 2019 (as against 3.89 GW as on November 30, 2018). Another 4 projects (3 solar and 1 Hydro) **aggregating to 0.23 GW are under implementation**.

About the Company – Greenko Godavari Power Projects Private Limited
Incorporated in June 2010, Greenko Godavari Power Projects Private Limited (GGPPPL) is an SPV which proposes to set up a 240 MW Natural Gas Engine based power project at Vetlapalem Village, Samalkot Mandal, East Godavari District, Andhra Pradesh. The company proposes to execute the first phase of 60 MW project upon executing the fuel supply agreement with the state government.

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

Brief Financials (Rs. crore)-GEPL Consol.	FY18 (A)	FY19 (A)
Total operating income	1626.36	2019.45
PBILDT	1303.94	1649.33
PAT	-253.66	-277.53
Overall gearing (times)	3.18	3.31
Interest coverage (times)	1.28	1.38

A: Audited
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	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - LT-Bank Guarantees	-	-	-	-	15.00	CARE A+ (CE) (Under Credit watch with Negative Implications)
Un Supported Rating-Un Supported Rating (Long Term)	-	-	-	-	0.00	CARE BBB-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Non-fund-based - LT-Bank Guarantees	LT	15.00	CARE A+ (CE) (Under Credit watch with Negative Implications)	1)CARE A+ (CE) (Under Credit watch with Developing Implications) (04-Jul-19) 2)CARE A+ (SO); Stable (26-Apr-19)	1)CARE A+ (SO); Stable (27-Dec-18)	1)CARE A+ (SO); Stable (05-Jan-18)	1)CARE A+ (SO); Stable (17-Mar-17)
2.	Non-fund-based - LT-Bank Guarantees	LT	-	-	1)Withdrawn (26-Apr-19)	1)Provisional CARE A+ (SO); Stable (27-Dec-18)	1)Provisional CARE A+ (SO); Stable (05-Jan-18)	1)Provisional CARE A+ (SO); Stable (17-Mar-17)
3.	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB-; Stable	-	-	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-Not Applicable

Annexure-4 List of Subsidiaries used for consolidation

S No.	Subsidiaries
1	AMR Power Private Limited
2	Anantpura Wind Energies Private Limited
3	Animala Wind Power Private Limited
4	Axis Wind Farms (MPR Dam) Private Limited
5	Belum Wind Infrastructure Private Limited
6	Devarahipparigi Wind Power Private Limited
7	Devgarh Wind Projects Private Limited
8	Dwarkamai Wind Power Private Limited
9	Ecofren Power and Projects Private Limited
10	Fortune Five Hydel Projects Private Limited
11	Gangdari Hydro Power Private Limited
12	Greenko Anubhav Hydel Power Private Limited
13	Greenko Astha Projects (India) Private Limited
14	Greenko AT Hydro Power Private Limited
15	Greenko Bagalkot Solar Private Limited
16	Greenko Bagewadi Wind Energies Private Limited
17	Greenko Budhil Hydro Power Private Limited
18	Greenko (Borampalle) Wind Projects Private Limited
19	Greenko Cimaron Constructions Private Limited
20	Greenko Energy Ventures Private Limited
21	Greenko Godavari Power Projects Private Limited
22	Greenko Hatkoti Energy Private Limited
23	Greenko Himkailash Hydro Power Private Limited
24	Greenko Infrastructure Private Limited
25	Greenko Rayala Wind Power Private Limited

S No.	Subsidiaries
26	Greenko Shimoga Solar Private Limited
27	Greenko Sri Sai Krishna Hydro Energies Private Limited
28	Greenko Sumez Hydro Energies Private Limited
29	Greenko Taluka Solar Private Limited
30	Greenko Tarela Power Private Limited
31	Greenko Tejassarnika Hydro Energies Private Limited
32	Greenko Wind Energies Private Limited
33	Greenko Wind Projects Private Limited
34	Greenko Zenith Energy Solutions Private Limited
35	Guttaseema Wind Energy Company Private Limited
36	Hemavathy Power & Light Private Limited
37	ISA Power Private Limited
38	Jasper Energy Private Limited
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45	Penna Wind Farms Private Limited
46	Perla Hydro Power Private Limited
47	Ratnagiri Wind Power Projects Private Limited
48	Ravikiran Power Projects Private Limited
49	Rayalaseema Wind Energy Company Private Limited
50	Rithwik Energy Generation Private Limited
51	Roshni Powertech Private Limited
52	Sai Spurthi Power Private Limited
53	Sai Teja Energies Private Limited
54	Saipuram Wind Energies Private Limited
55	SEI Adhavan Power Private Limited
56	Sneha Kinetic Power Projects Private Limited
57	Sunam Power Private Limited
58	Swasti Power Private Limited
59	Tanot Wind Power ventures Private Limited
60	Technology House (India) Private Limited
61	Vayuputhra Energy Private Limited
62	Vyshali Energy Private Limited
63	Greenko Solar Connection Private Limited
64	Greenko Solar Projects Private Limited
65	Himachal Sorang Power Private Limited
66	Skeiron Green Power Private Limited
67	Skeiron Renewable Energy Private Limited
68	Skeiron Renewable Energy Amidyala Private Limited
69	Skeiron Renewable Energy Kustagi Private Limited
70	Sandla Wind Project Private Limited
71	Shanay Renewables Limited
72	Saroja Renewables Limited
73	Greenko East Coast Power Projects Private Limited

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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Greenko Clean Energy Projects Private Limited
January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[6]	Rating Action
Non-Convertible Debenture issue – 1	201.00	**CARE A+ (CE) [Single A Plus; Credit Enhancement (Under Credit watch with Negative Implications)]**	**Placed on credit watch with negative implications**
Non-Convertible Debenture issue – 2	99.00	**CARE A+ (CE) [Single A Plus; Credit Enhancement (Under Credit watch with Negative Implications)]**	**Placed on credit watch with negative implications**
Total	**300.00 (Rs. Three Hundred Crore Only)**		

Details of instruments/facilities in Annexure-1

Unsupported Rating [7]	**CARE BBB-; Stable**

Note : Unsupported Rating does not factor in the explicit credit enhancement

Detailed Rationale & Key Rating Drivers for the credit enhanced debt
The rating assigned to the bank facilities of Greenko Clean Energy Projects Private Limited is backed by unconditional and irrevocable corporate guarantee extended by Greenko Energies Private Limited (GEPL, rated CARE A+ [Credit watch with negative implications]/CARE A1+ [Credit watch with negative implications]).

Detailed Rationale & Key Rating Drivers of Greenko Energies Private Limited
CARE has placed the ratings of Greenko Energies Private Ltd on **'Credit watch with negative implications'**. The rating watch follows the pending outcome from High Level Negotiation committee (HLNC) formed by GoAP, for reviewing the high priced wind and solar power purchase agreements and to negotiate with those who are selling wind and solar energy to AP distribution companies (DISCOMS), to bring down the prices and to make suitable recommendations. Further, uncertainty in the envisaged large debt funded capex undertaken for implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project) coupled with pending tie-up of offtake agreement.

The reaffirmation of ratings assigned to the bank facilities and long term instruments of Greenko Energies Private Limited (GEPL) factors in strong parentage at its ultimate holding company level with majority of stake being held by Cambourne Investment Pte. Limited (an affiliate of Government of Singapore Investment Corporation), experience of the founders, established track record of the group in owning and operating diversified portfolio of renewable energy assets, experience in executing large scale renewable energy projects, availability of the long-term off-take arrangement for most of the operating projects providing long term revenue visibility, infusion of equity and unsecured loans by the promoters, Strong ability of the group to access international debt market and stable outlook for the renewable power sector.
The ratings also factor in, acquisition of Skeiron Green Power Private Limited (Skeiron) assets leading to increase in overall capacity; increase in total operating income in FY19 (refers to the period April 01 to March 31) and Strong liquidity position.
However the ratings are constrained by uncertainty in implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project), significant net loss incurred in FY19, counterparty credit risk, refinancing risk, leveraged capital structure, exposure in group companies, stretched operating cycle led by high collection period and dependence on climatic condition.

Key Rating Drivers of Greenko Clean Energy Projects Private Limited
The rating assigned to the bank facilities of Greenko Clean Energy Projects Private Limited (GCEPL) derive strength from strong and experienced promoters coupled with reputed international investors, established track record of sponsors in owning and operating renewable energy assets and stable industry outlook for renewable power sector. The rating also factors refinance risk.

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[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*
[7] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019. As per this circular, the suffix 'CE' (Credit Enhancement) is assigned to the ratings with explicit external credit enhancement, against the earlier used suffix 'SO' (Structured Obligation).*

Rating Sensitivities

Positive Factors

- Reinstatement of the PPA on the existing terms by APDISCOM along with improvement in collection cycle to be within 3 to 4 months, on a sustainable basis.
- Overall gearing improves to 2.33x (GEPL Consolidated)

Negative Factors

- Any adverse outcome on PPA renegotiation taken up by the Andhra Pradesh Government and any large debt funded capex
- Withdrawal of support for cash shortfall at Greenko Group level

Detailed description of the key rating drivers

Key Rating Strengths

Strong parentage at its ultimate holding company level: GEPL is a wholly owned subsidiary of Greenko Mauritius, which in turn, is a wholly owned subsidiary of Greenko Energy Holdings (GEH). GEH is held by Cambourne Investment Pte Ltd, an 100% investment arm of GIC, the Sovereign Wealth Fund of Singapore (62%), Abu Dhabi Investment Authority (16%) and founders through GVL (Mauritius) Limited (22%).

Strong and experienced founders: Greenko Group was co-founded by Mr Anil Chalamalasetty and Mr Mahesh Kolli in 2006, with the objective of owning and operating clean energy facilities. The group owns and operates renewable energy plants in India through GEPL.

Established track record of sponsors in owning & operating renewable energy assets: The Greenko group has a diversified portfolio of renewable energy assets spread across biomass, hydro-electric, wind, solar and Low Sulphur Heavy Stock (LSHS) based power plants. As on November 30, 2019, GEPL at a consolidated level had cumulative installed capacity (operating projects) of 1.97 GW and the group's cumulatively installed capacity (operating projects) of hydro, wind, solar and biomass projects stood at 4.23 GW.

Experience of executing large scale projects: The Greenko group over a last one decade had garnered strong capabilities and gained rich experience in executing relatively large scale renewable energy projects.

Strong ability of the group to access international debt market albeit refinancing risk: The Greenko group over the past few years has demonstrated strong ability to access international debt market and derive economic benefits thereof. Although, the group has been able to demonstrate strong ability to access international / domestic debt markets and refinance its debt exposure, significant refinancing risk prevails at group level considering high bullet repayments commencing from FY24 & FY25.

Long-term revenue visibility for operational capacity: Majority of the operational capacity is tied up under long-term PPAs ranging between 10 and 25 years, at fixed tariffs, which provides long-term revenue visibility.

Acquisition of Skeiron's and orange group wind and solar assets leading to increase in overall capacity: Greenko group had acquired Orange's wind and solar portfolio aggregating to 907.20 MW and Skeiron's operational wind portfolio aggregating to 384.30 MW. As a result of acquisition, overall operating capacity of Greenko Group increased to 4.23 GW as on November 30, 2019.

Infusion of funds: There has been continuous infusion of funds by the promoters through GEH/Greenko Mauritius, the holding company of GEPL. At the Group level, the two sovereign funds have committed fund infusion of USD 2.2 Billion (which includes ~USD 500 Mn for IREP Project) for the expansion at both organic and inorganic. During FY19, the promoters have infused Rs.152.56 crore in GEPL consolidated level to fund the ongoing capex and to support the operations. Further the promoters have infused Rs.133.29 crore in the form of unsecured loans at individual SPV level to support the operations.

Growth in total operating income and PBILDT margin: Total operating income of the company grew by about 24% in FY19 vis-à-vis FY18 on account of acquisition/operationalization/commercialization of projects leading to improvement in installed capacity and increase in power generation. The major cost driver with respect to operational projects is O&M costs which are generally fixed vis-à-vis increasing revenue upon stabilisation which has resulted in improvement in PBILDT margin of the company by 149 bps bps to 81.67% in FY19.

Strong liquidity position As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Key Rating Weaknesses

Implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project (IREP)): IREP consists of four components namely; Standalone Pumped Storage Project (PSP), Wind Project, Solar Project and Central Evacuation Infrastructure (CEI). GEPL is implementing PSP of 1200 MW (4 units of 240 MW each and 2 units of 120 MW each) storage capacity and CEI components. The project is approved by Government of Andhra Pradesh (GoAP) and as per Government Order dated July 19, 2018, GoAP has approved establishment of the project along with allocation of 1 TMC of water on a non-consumptive basis and allocation of land required for construction of the project. Power generated from IREP project will be evacuated through Power Grid Corporation of India Limited's (PGCIL) network. The company has Stage I clearance from PGCIL in place. Currently, the project being in nascent stage, achieving commercial operations within the envisaged time lines couple with tie-up of offtake and estimated cost will be critical from credit risk perspective.

Equity commitment by promoters: Total project envisaged for the IREP project undertaken is Rs.6730.40 crore which is proposed to be funded by equity of Rs.2019.10 crore and debt of Rs.4711.30 crore. The Board of Greenko has approved the project and has committed to meet the equity requirement towards the project by way of board resolution. Further, the company has achieved financial closure for the total debt requirement and has drawn part disbursement towards R&R costs, thereby mitigating the funding risk to implement the project.

Net loss incurred during FY19: During FY19, increase in total debt availed to fund the projects undertaken resulted in increase in interest expense significantly and increase in depreciation cost at the back of increased asset base, resulted in the company incurring net loss of Rs.277.53 crore in FY19 as against net loss of Rs.253.66 crore. However, the company registered cash profit of Rs.405.26 crore in FY19 as against Rs.259.45 crore in FY18.

Leveraged capital structure: With increase in total debt to fund the capex of various new projects and refinancing of outstanding debt, overall gearing of the company (on consolidated basis) deteriorated to 3.31x as on March 31, 2019 as compared to 3.18x as on March 31, 2018. However the debt coverage indicator i.e. total debt to GCA has improved marginally from 40.10x in FY18 to 36.11x in FY19 due to increase in the gross cash accruals.

Stretched operating cycle albeit improved: Operating cycle of the company continues to remain stretched though improved to 120 days in FY19 from 162 days in FY18. As most of the projects have Power Purchase Agreements (PPAs) with state electricity boards where the collection periods are generally elongated. The collection period has increased from 159 days in FY18 to 167 days in FY19 at the back of delay in realization of debtors primarily from Telangana and AP Discoms, which are outstanding for 270+days for Telangana Discoms and 330+ days for AP Discoms.

Exposure in group companies: GEPL had extended corporate guarantees to its group companies (i.e excluding subsidiaries) aggregating to Rs.4,987 crore as on November 30, 2019 (as against Rs.5,611 crore as on September 30, 2018). Around 10 operating Solar Power Projects of aggregate capacity of 500 MW, where in total corporate guarantee extended by GEPL is Rs 3000 crore (of the total CG of Rs 4,987 crore) have PPA with NTPC Ltd (rated CARE AAA; Stable/CARE A1+), thereby significantly lowers the counterparty credit risk.

Counter party credit risks: The group is exposed to credit risk related to timely realization of dues from state owned DISCOM's with weak financial risk profile; however, to an extent risk is mitigated due to its geographically diversified assets portfolio spread across various states/DISCOM's in India. At Greenko Group level, the offtaker mix is also diversified across state utilities (11 account for 73%) direct industrial and commercial customers 10% and sovereign owned entities 16%. The diversification provide support for generation spread throughout the year and most stable cash flows. The group also has an element of concentration in its customer mix with its top 4 customers state utilities in AP, Karnataka, Telangana and Tamil Nadu accounting 51% of offtake by capacity. Delay in receipt from state utilities would exert working capital pressure.

Dependence on seasonal wind patterns for power generation: Wind projects are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns which affect the PLF. The company has also forayed in the solar power segment. Achievement of desired solar power generation would be subject to change in climatic conditions, amount of degradation of modules as well as technological risks.

Liquidity: Strong

As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable.

At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Analytical approach: Consolidated ; CARE has analyzed Greenko Energies Private Limited's credit profile by considering the consolidated financial statements (comprising GEPL and its subsidiaries operating under Wind, Hydro and Biomass energy segment) owing to financial and operational linkages between the parent and subsidiaries. CARE has also considered strength of GEH owing to its financials linkages with GIC and ADIA

Applicable Criteria

Criteria on assigning 'outlook' and 'credit watch'
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology: Solar Power Projects
Rating Methodology – Wind Power Projects
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Rating Methodology - Private Power Producers
Financial ratios – Non-Financial Sector

About the Company – Greenko Energies Private Limited

Incorporated in July 2000, Greenko Energies Private Limited (GEPL) is wholly owned subsidiary of Greenko Mauritius Ltd (Greenko Mauritius), which is in turn is a subsidiary of Greenko Energy Holdings **(GEH; rated S&P B+; Stable, Moody's Ba1; Stable and Fitch BB-; Stable**, the ultimate holding company of Greenko Group. The major shareholding in GEH is held by Cambourne Investment Pte Ltd, an affiliate of Government of Singapore Investment Corporation (GIC, **rated Moody's Aaa**), which is holding 62.33% in GEH along with Abu Dhabi Investment Authority (holding 15.64%) and balance 22.03% held by the founders through GVL (Mauritius) Limited (rated CARE MAU BBB+; Stable). Greenko group owns and operates renewable energy plants in India either through Hold.Co companies or through GEPL and its subsidiaries. As on November 30, 2019, **GEPL at consolidated leve**l has a totalled installed **operational capacity of 1.97 GW** of renewable energy assets and another **0.14 GW projects under implementation.**

Greenko group has a **total installed operational capacity of 4.23 GW** as on November 30, 2019 (as against 3.89 GW as on November 30, 2018). Another 4 projects (3 solar and 1 Hydro) **aggregating to 0.23 GW are under implementation**.

About the Company – Greenko Clean Energy Projects Private Limited

Incorporated in December 2014, Greenko Clean Energy Projects Private Limited (GCEPPL) is a fully owned subsidiary of Glory Corporation Limited (GCL). GCL is a subsidiary of Greenko Mauritius Limited (Greenko Mauritius) which in turn is a subsidiary of ultimate holding company Greenko Energy Holdings (GEH). GCEPPL is in the business of EPC and supply of equipment to its group companies which are implementing solar power projects. GCEPPL was Engineering, Procurement and Construction (EPC) contractor for supplying the PV modules, Inverters, Cables and other equipment's for 10 SPV's which implemented 50 MW (AC) each solar power project. GCEPPL also undertakes Operation and Maintenance (O&M) activity for the panel other ancillary equipment's.

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

Brief Financials (Rs. crore)-GEPL Consol.	FY18 (A)	FY19 (A)
Total operating income	1626.36	2019.45
PBILDT	1303.94	1649.33
PAT	-253.66	-277.53
Overall gearing (times)	3.18	3.31
Interest coverage (times)	1.28	1.38

A: Audited

Brief Financials (Rs. crore)-GCEPPL	FY18 (A)	FY19 (A)
Total operating income	82.54	0.78
PBILDT	-0.82	-7.73
PAT	-17.61	-47.51
Overall gearing (times)	3.40	5.92
Interest coverage (times)	-0.05	-0.20

A: Audited

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	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE476S08037	September 25, 2018	10.75%	December 04, 2020	201.00	CARE A+ (CE) (Under Credit watch with Negative Implications)
Debentures-Non Convertible Debentures	INE476S08037	December 04, 2018	10.75%	December 04, 2020	99.00	CARE A+ (CE) (Under Credit watch with Negative Implications)
Un Supported Rating	-	September 25, 2018	10.75%	December 04, 2020	0.00	CARE BBB-; Stable
Un Supported Rating	-	December 04, 2018	10.75%	December 04, 2020	0.00	CARE BBB-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (01-Feb-19)	1)CARE A+ (SO); Stable (10-Oct-17) 2)Provisional CARE A+ (SO); Stable (29-Sep-17)	-
2.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (01-Feb-19)	1)CARE A+ (SO); Stable (18-Dec-17) 2)Provisional CARE A+ (SO); Stable (04-Dec-17)	-
3.	Debentures-Non Convertible Debentures	LT	201.00	CARE A+ (CE) (Under Credit watch with Negative Implications)	1)CARE A+ (CE) (Under Credit watch with Developing Implications) (04-Jul-19)	1)CARE A+ (SO); Stable (27-Dec-18) 2)CARE A+ (SO); Stable (26-Oct-18) 3)Provisional CARE A+ (SO); Stable (25-Sep-18)	-	-

4.	Debentures-Non Convertible Debentures	LT	99.00	CARE A+ (CE) (Under Credit watch with Negative Implications)	1)CARE A+ (CE) (Under Credit watch with Developing Implications) (04-Jul-19)	1)CARE A+ (SO); Stable (27-Dec-18) 2)CARE A+ (SO); Stable (26-Oct-18) 3)Provisional CARE A+ (SO); Stable (25-Sep-18)	-	-
5.	Un Supported Rating	LT	0.00	CARE BBB-; Stable	-	-	-	-
6.	Un Supported Rating	LT	0.00	CARE BBB-; Stable	-	-	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-Not Applicable

Annexure-4 List of Subsidiaries used for consolidation

S No.	Subsidiaries
1	AMR Power Private Limited
2	Anantpura Wind Energies Private Limited
3	Animala Wind Power Private Limited
4	Axis Wind Farms (MPR Dam) Private Limited
5	Belum Wind Infrastructure Private Limited
6	Devarahipparigi Wind Power Private Limited
7	Devgarh Wind Projects Private Limited
8	Dwarkamai Wind Power Private Limited
9	Ecofren Power and Projects Private Limited
10	Fortune Five Hydel Projects Private Limited
11	Gangdari Hydro Power Private Limited
12	Greenko Anubhav Hydel Power Private Limited
13	Greenko Astha Projects (India) Private Limited
14	Greenko AT Hydro Power Private Limited
15	Greenko Bagalkot Solar Private Limited
16	Greenko Bagewadi Wind Energies Private Limited
17	Greenko Budhil Hydro Power Private Limited
18	Greenko (Borampalle) Wind Projects Private Limited
19	Greenko Cimaron Constructions Private Limited
20	Greenko Energy Ventures Private Limited
21	Greenko Godavari Power Projects Private Limited
22	Greenko Hatkoti Energy Private Limited
23	Greenko Himkailash Hydro Power Private Limited
24	Greenko Infrastructure Private Limited
25	Greenko Rayala Wind Power Private Limited
26	Greenko Shimoga Solar Private Limited
27	Greenko Sri Sai Krishna Hydro Energies Private Limited
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S No.	Subsidiaries
37	ISA Power Private Limited
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73	Greenko East Coast Power Projects Private Limited

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About CARE Ratings:

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****For detailed Rationale Report and subscription information, please contact us at** www.careratings.com

Gangdari Hydro Power Private Limited
January 08, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Rating8**	**Rating Action**
Long term Bank Facilities	105.00	**CARE A+ (CE) [Single A Plus; Credit Enhancement (Under Credit watch with Negative Implications)]**	Placed on credit watch with negative implications
Total Facilities	**105.00 (Rs. One Hundred Five Crore Only)**		

Details of instruments/facilities in Annexure-1

Unsupported Rating [9]	**CARE BBB-; Stable**

Note : Unsupported Rating does not factor in the explicit credit enhancement

Detailed Rationale & Key Rating Drivers for the credit enhanced debt
The rating assigned to the bank facilities of Gangdari Hydro Power Private Limited is backed by unconditional and irrevocable corporate guarantee extended by Greenko Energies Private Limited (GEPL, rated CARE A+ [Credit watch with negative implications]/CARE A1+ [Credit watch with negative implications]).

Detailed Rationale & Key Rating Drivers of Greenko Energies Private Limited
CARE has placed the ratings of Greenko Energies Private Ltd on **'Credit watch with negative implications'**. The rating watch follows the pending outcome from High Level Negotiation committee (HLNC) formed by GoAP, for reviewing the high priced wind and solar power purchase agreements and to negotiate with those who are selling wind and solar energy to AP distribution companies (DISCOMS), to bring down the prices and to make suitable recommendations. Further, uncertainty in the envisaged large debt funded capex undertaken for implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project) coupled with pending tie-up of offtake agreement.

The reaffirmation of ratings assigned to the bank facilities and long term instruments of Greenko Energies Private Limited (GEPL) factors in strong parentage at its ultimate holding company level with majority of stake being held by Cambourne Investment Pte. Limited (an affiliate of Government of Singapore Investment Corporation), experience of the founders, established track record of the group in owning and operating diversified portfolio of renewable energy assets, experience in executing large scale renewable energy projects, availability of the long-term off-take arrangement for most of the operating projects providing long term revenue visibility, infusion of equity and unsecured loans by the promoters, Strong ability of the group to access international debt market and stable outlook for the renewable power sector.
The ratings also factor in, acquisition of Skeiron Green Power Private Limited (Skeiron) assets leading to increase in overall capacity; increase in total operating income in FY19 (refers to the period April 01 to March 31) and Strong liquidity position.
However the ratings are constrained by uncertainty in implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project), significant net loss incurred in FY19, counterparty credit risk, refinancing risk, leveraged capital structure, exposure in group companies, stretched operating cycle led by high collection period and dependence on climatic condition.

Key Rating Drivers of Gangdari Hydro Power Private Limited
The rating assigned to the bank facilities of GHPPL derive strength from strong and experienced promoters coupled with reputed international investors, established track record of sponsors in owning and operating renewable energy assets, satisfactory operational performance with timely collection of receivables and stable industry outlook for renewable power sector. The rating also factors refinance risk and absence of long-term PPA.
Rating Sensitivities
Positive Factors

- Reinstatement of the PPA on the existing terms by APDISCOM along with improvement in collection cycle to be within 3 to 4 months, on a sustainable basis.
- Overall gearing improves to 2.33x (GEPL Consolidated)

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
[9] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019. As per this circular, the suffix 'CE' (Credit Enhancement) is assigned to the ratings with explicit external credit enhancement, against the earlier used suffix 'SO' (Structured Obligation).*

Negative Factors

- Any adverse outcome on PPA renegotiation taken up by the Andhra Pradesh Government and any large debt funded capex
- Withdrawal of support for cash shortfall at Greenko Group level

Detailed description of the key rating drivers
Key Rating Strengths
Strong parentage at its ultimate holding company level: GEPL is a wholly owned subsidiary of Greenko Mauritius, which in turn, is a wholly owned subsidiary of Greenko Energy Holdings (GEH). GEH is held by Cambourne Investment Pte Ltd, an 100% investment arm of GIC, the Sovereign Wealth Fund of Singapore (62%), Abu Dhabi Investment Authority (16%) and founders through GVL (Mauritius) Limited (22%).

Strong and experienced founders: Greenko Group was co-founded by Mr Anil Chalamalasetty and Mr Mahesh Kolli in 2006, with the objective of owning and operating clean energy facilities. The group owns and operates renewable energy plants in India through GEPL.

Established track record of sponsors in owning & operating renewable energy assets: The Greenko group has a diversified portfolio of renewable energy assets spread across biomass, hydro-electric, wind, solar and Low Sulphur Heavy Stock (LSHS) based power plants. As on November 30, 2019, GEPL at a consolidated level had cumulative installed capacity (operating projects) of 1.97 GW and the group's cumulatively installed capacity (operating projects) of hydro, wind, solar and biomass projects stood at 4.23 GW.

Experience of executing large scale projects: The Greenko group over a last one decade had garnered strong capabilities and gained rich experience in executing relatively large scale renewable energy projects.

Strong ability of the group to access international debt market albeit refinancing risk: The Greenko group over the past few years has demonstrated strong ability to access international debt market and derive economic benefits thereof. Although, the group has been able to demonstrate strong ability to access international / domestic debt markets and refinance its debt exposure, significant refinancing risk prevails at group level considering high bullet repayments commencing from FY24 & FY25.

Long-term revenue visibility for operational capacity: Majority of the operational capacity is tied up under long-term PPAs ranging between 10 and 25 years, at fixed tariffs, which provides long-term revenue visibility.

Acquisition of Skeiron's and orange group wind and solar assets leading to increase in overall capacity: Greenko group had acquired Orange's wind and solar portfolio aggregating to 907.20 MW and Skeiron's operational wind portfolio aggregating to 384.30 MW. As a result of acquisition, overall operating capacity of Greenko Group increased to 4.23 GW as on November 30, 2019.

Infusion of funds: There has been continuous infusion of funds by the promoters through GEH/Greenko Mauritius, the holding company of GEPL. At the Group level, the two sovereign funds have committed fund infusion of USD 2.2 Billion (which includes ~USD 500 Mn for IREP Project) for the expansion at both organic and inorganic. During FY19, the promoters have infused Rs.152.56 crore in GEPL consolidated level to fund the ongoing capex and to support the operations. Further the promoters have infused Rs.133.29 crore in the form of unsecured loans at individual SPV level to support the operations.

Growth in total operating income and PBILDT margin: Total operating income of the company grew by about 24% in FY19 vis-à-vis FY18 on account of acquisition/operationalization/commercialization of projects leading to improvement in installed capacity and increase in power generation. The major cost driver with respect to operational projects is O&M costs which are generally fixed vis-à-vis increasing revenue upon stabilisation which has resulted in improvement in PBILDT margin of the company by 149 bps bps to 81.67% in FY19.

Strong liquidity position As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.
Key Rating Weaknesses
Implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project (IREP)): IREP consists of four components namely; Standalone Pumped Storage Project (PSP), Wind Project, Solar Project and Central Evacuation Infrastructure (CEI). GEPL is implementing PSP of 1200 MW (4 units of 240

MW each and 2 units of 120 MW each) storage capacity and CEI components. The project is approved by Government of Andhra Pradesh (GoAP) and as per Government Order dated July 19, 2018, GoAP has approved establishment of the project along with allocation of 1 TMC of water on a non-consumptive basis and allocation of land required for construction of the project. Power generated from IREP project will be evacuated through Power Grid Corporation of India Limited's (PGCIL) network. The company has Stage I clearance from PGCIL in place. Currently, the project being in nascent stage, achieving commercial operations within the envisaged time lines couple with tie-up of offtake and estimated cost will be critical from credit risk perspective.

Equity commitment by promoters: Total project envisaged for the IREP project undertaken is Rs.6730.40 crore which is proposed to be funded by equity of Rs.2019.10 crore and debt of Rs.4711.30 crore. The Board of Greenko has approved the project and has committed to meet the equity requirement towards the project by way of board resolution. Further, the company has achieved financial closure for the total debt requirement and has drawn part disbursement towards R&R costs, thereby mitigating the funding risk to implement the project.

Net loss incurred during FY19: During FY19, increase in total debt availed to fund the projects undertaken resulted in increase in interest expense significantly and increase in depreciation cost at the back of increased asset base, resulted in the company incurring net loss of Rs.277.53 crore in FY19 as against net loss of Rs.253.66 crore. However, the company registered cash profit of Rs.405.26 crore in FY19 as against Rs.259.45 crore in FY18.

Leveraged capital structure: With increase in total debt to fund the capex of various new projects and refinancing of outstanding debt, overall gearing of the company (on consolidated basis) deteriorated to 3.31x as on March 31, 2019 as compared to 3.18x as on March 31, 2018. However the debt coverage indicator i.e. total debt to GCA has improved marginally from 40.10x in FY18 to 36.11x in FY19 due to increase in the gross cash accruals.

Stretched operating cycle albeit improved: Operating cycle of the company continues to remain stretched though improved to 120 days in FY19 from 162 days in FY18. As most of the projects have Power Purchase Agreements (PPAs) with state electricity boards where the collection periods are generally elongated. The collection period has increased from 159 days in FY18 to 167 days in FY19 at the back of delay in realization of debtors primarily from Telangana and AP Discoms, which are outstanding for 270+days for Telangana Discoms and 330+ days for AP Discoms.

Exposure in group companies: GEPL had extended corporate guarantees to its group companies (i.e excluding subsidiaries) aggregating to Rs.4,987 crore as on November 30, 2019 (as against Rs.5,611 crore as on September 30, 2018). Around 10 operating Solar Power Projects of aggregate capacity of 500 MW, where in total corporate guarantee extended by GEPL is Rs 3000 crore (of the total CG of Rs 4,987 crore) have PPA with NTPC Ltd (rated CARE AAA; Stable/CARE A1+), thereby significantly lowers the counterparty credit risk.

Counter party credit risks: The group is exposed to credit risk related to timely realization of dues from state owned DISCOM's with weak financial risk profile; however, to an extent risk is mitigated due to its geographically diversified assets portfolio spread across various states/DISCOM's in India. At Greenko Group level, the offtaker mix is also diversified across state utilities (11 account for 73%) direct industrial and commercial customers 10% and sovereign owned entities 16%. The diversification provide support for generation spread throughout the year and most stable cash flows. The group also has an element of concentration in its customer mix with its top 4 customers state utilities in AP, Karnataka, Telangana and Tamil Nadu accounting 51% of offtake by capacity. Delay in receipt from state utilities would exert working capital pressure.

Dependence on seasonal wind patterns for power generation: Wind projects are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns which affect the PLF. The company has also forayed in the solar power segment. Achievement of desired solar power generation would be subject to change in climatic conditions, amount of degradation of modules as well as technological risks.

Liquidity: Strong

As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Analytical approach: Consolidated ; CARE has analyzed Greenko Energies Private Limited's credit profile by considering the consolidated financial statements (comprising GEPL and its subsidiaries operating under Wind, Hydro and Biomass energy segment) owing to financial and operational linkages between the parent and subsidiaries. CARE has also considered strength of GEH owing to its financials linkages with GIC and ADIA.

Applicable Criteria
[Criteria on assigning 'outlook' and 'credit watch']
[CARE's Policy on Default Recognition]
[Criteria for Short Term Instruments]
[Rating Methodology: Solar Power Projects]
[Rating Methodology – Wind Power Projects]
[Rating Methodology: Consolidation and Factoring Linkages in Ratings]
[Rating Methodology - Private Power Producers]
[Financial ratios – Non-Financial Sector]

About the Company – Greenko Energies Private Limited
Incorporated in July 2000, Greenko Energies Private Limited (GEPL) is wholly owned subsidiary of Greenko Mauritius Ltd (Greenko Mauritius), which is in turn is a subsidiary of Greenko Energy Holdings **(GEH; rated S&P B+; Stable, Moody's Ba1; Stable and Fitch BB-; Stable**, the ultimate holding company of Greenko Group. The major shareholding in GEH is held by Cambourne Investment Pte Ltd, an affiliate of Government of Singapore Investment Corporation (GIC, **rated Moody's Aaa**), which is holding 62.33% in GEH along with Abu Dhabi Investment Authority (holding 15.64%) and balance 22.03% held by the founders through GVL (Mauritius) Limited (rated CARE MAU BBB+; Stable). Greenko group owns and operates renewable energy plants in India either through Hold.Co companies or through GEPL and its subsidiaries. As on November 30, 2019, **GEPL at consolidated leve**l has a totalled installed **operational capacity of 1.97 GW** of renewable energy assets and another **0.14 GW projects under implementation.**
Greenko group has a **total installed operational capacity of 4.23 GW** as on November 30, 2019 (as against 3.89 GW as on November 30, 2018). Another 4 projects (3 solar and 1 Hydro) **aggregating to 0.23 GW are under implementation**.

About the Company – Gangdari Hydro Power Private Limited
Incorporated on February 17, 2004, Gangdari Hydro Power Private Limited is promoted by Greenko Energies Private Limited for setting up a 16 MW (2X8 MW) hydro power project in Shimla District of Himachal Pradesh. The aggregate project cost incurred is Rs.134 crore which has been financed through debt of Rs.105 crore and equity of Rs.29 crore. The company achieved commercial operations date (COD) on March 28, 2014. The company initially entered into a short term Power Purchase Agreement (PPA) with Himachal Pradesh State Electricity Board (HPSEB) on April 26, 2014 with a validity of 1 year i.e. up to March 31, 2015 at a tariff rate of Rs.2.43/KwH. The PPA is being extended on a yearly basis and the current PPA which is valid till March 31, 2019 was executed between GHPPL and HPSEB on March 22, 2018. The company had already entered into PPA for FY20 dated March 23, 2019 with all the terms and conditions of PPA entered dated April 26, 2014 including tariff remaining unchanged.

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

Brief Financials (Rs. crore)-GEPL Consol.	FY18 (A)	FY19 (A)
Total operating income	1626.36	2019.45
PBILDT	1303.94	1649.33
PAT	-253.66	-277.53
Overall gearing (times)	3.18	3.31
Interest coverage (times)	1.28	1.38

A: Audited

Brief Financials (Rs. crore)-GHPPL	FY18 (A)	FY19 (A)
Total operating income	14.11	16.33
PBILDT	10.77	13.64
PAT	-9.80	-2.00
Overall gearing (times)	8.06	9.92
Interest coverage (times)	0.72	1.29

A: Audited
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	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	FY22	105.00	CARE A+ (CE) (Under Credit watch with Negative Implications)
Un Supported Rating-Un Supported Rating (Long Term)	-	-	-	-	0.00	CARE BBB-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	105.00	CARE A+ (CE) (Under Credit watch with Negative Implications)	1)CARE A+ (CE) (Under Credit watch with Developing Implications) (04-Jul-19)	1)CARE A+ (SO); Stable (29-Mar-19)	-	-
2.	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB-; Stable	-	-	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-Not Applicable

Annexure-4 List of Subsidiaries used for consolidation

S No.	Subsidiaries
1	AMR Power Private Limited
2	Anantpura Wind Energies Private Limited
3	Animala Wind Power Private Limited
4	Axis Wind Farms (MPR Dam) Private Limited
5	Belum Wind Infrastructure Private Limited
6	Devarahipparigi Wind Power Private Limited
7	Devgarh Wind Projects Private Limited
8	Dwarkamai Wind Power Private Limited
9	Ecofren Power and Projects Private Limited
10	Fortune Five Hydel Projects Private Limited
11	Gangdari Hydro Power Private Limited
12	Greenko Anubhav Hydel Power Private Limited
13	Greenko Astha Projects (India) Private Limited
14	Greenko AT Hydro Power Private Limited
15	Greenko Bagalkot Solar Private Limited
16	Greenko Bagewadi Wind Energies Private Limited
17	Greenko Budhil Hydro Power Private Limited
18	Greenko (Borampalle) Wind Projects Private Limited
19	Greenko Cimaron Constructions Private Limited
20	Greenko Energy Ventures Private Limited

S No.	Subsidiaries
21	Greenko Godavari Power Projects Private Limited
22	Greenko Hatkoti Energy Private Limited
23	Greenko Himkailash Hydro Power Private Limited
24	Greenko Infrastructure Private Limited
25	Greenko Rayala Wind Power Private Limited
26	Greenko Shimoga Solar Private Limited
27	Greenko Sri Sai Krishna Hydro Energies Private Limited
28	Greenko Sumez Hydro Energies Private Limited
29	Greenko Taluka Solar Private Limited
30	Greenko Tarela Power Private Limited
31	Greenko Tejassarnika Hydro Energies Private Limited
32	Greenko Wind Energies Private Limited
33	Greenko Wind Projects Private Limited
34	Greenko Zenith Energy Solutions Private Limited
35	Guttaseema Wind Energy Company Private Limited
36	Hemavathy Power & Light Private Limited
37	ISA Power Private Limited
38	Jasper Energy Private Limited
39	Kanhur Wind Power Private Limited
40	Kukke Hydro Projects Private Limited
41	Kumaradhra Power Private Limited
42	LVS Power Private Limited
43	Matrix Power (Wind) Private Limited
44	Mangalore Energies Private Limited
45	Penna Wind Farms Private Limited
46	Perla Hydro Power Private Limited
47	Ratnagiri Wind Power Projects Private Limited
48	Ravikiran Power Projects Private Limited
49	Rayalaseema Wind Energy Company Private Limited
50	Rithwik Energy Generation Private Limited
51	Roshni Powertech Private Limited
52	Sai Spurthi Power Private Limited
53	Sai Teja Energies Private Limited
54	Saipuram Wind Energies Private Limited
55	SEI Adhavan Power Private Limited
56	Sneha Kinetic Power Projects Private Limited
57	Sunam Power Private Limited
58	Swasti Power Private Limited
59	Tanot Wind Power ventures Private Limited
60	Technology House (India) Private Limited
61	Vayuputhra Energy Private Limited
62	Vyshali Energy Private Limited
63	Greenko Solar Connection Private Limited
64	Greenko Solar Projects Private Limited
65	Himachal Sorang Power Private Limited
66	Skeiron Green Power Private Limited
67	Skeiron Renewable Energy Private Limited
68	Skeiron Renewable Energy Amidyala Private Limited
69	Skeiron Renewable Energy Kustagi Private Limited
70	Sandla Wind Project Private Limited
71	Shanay Renewables Limited
72	Saroja Renewables Limited
73	Greenko East Coast Power Projects Private Limited

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Clean Sustainable Solar Energy Pvt. Ltd.

January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[10]	Rating Action
Long-term Bank Facilities-Term Loan&	-	-	Reaffirmed at CARE AA- (CE); Stable [Double A Minus (Credit Enhancement); Outlook: Stable] and withdrawn
Total Facilities	-		

Details of facilities in Annexure-1

&the rating was based on the credit enhancement in the form of an unconditional and irrevocable corporate guarantee given by Tata Power Renewable Energy Limited [TPREL, rated CARE AA-; Stable/CARE A1+/CARE AA (CE); Stable/Provisional AA (CE); Stable].

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers (CSSEPL)

CARE has reaffirmed and withdrawn the outstanding ratings of 'CARE AA- (CE); Stable' [Double A Minus (Credit Enhancement); Outlook: Stable] assigned to the bank facilities of Clean Sustainable Solar Energy Private Limited (CSSEPL) with immediate effect. The above action has been taken at the request of CSSEPL and 'No Objection' received from the bank vide e-mail dated December 27, 2019, that have extended the facilities rated by CARE.

Rationale & Key Rating Drivers (the Guarantor, TPREL)

The credit profile of Tata Power Renewable Energy Limited (TPREL) factors in the strategic importance of the renewable business to The Tata Power Company Limited (TPCL, rated CARE AA; Stable), its strong and steady cash flow generation, established track record of operations and demonstrated support from TPCL as reflected in timely fund infusion and corporate guarantee extended to certain long-term instruments/bank facilities. As on September 30, 2019, TPCL has infused total equity of Rs.1045.11 crore and unsecured perpetual securities of Rs.3,895 crore in TPREL. Further, TPCL has also extended corporate guarantee to the Non-convertible Debenture issue (NCDs) and Bank facilities of TPREL and Walwhan Renewable Energy Limited (WREL). The ratings also factor in stable revenue stream with satisfactory operational performance in FY19, comfortable capital structure with healthy debt coverage indicators and healthy liquidity. The ratings are also strengthened by the successful implementation of solar and wind projects by the companies with the entire operational capacity being secured by long term Power Purchase Agreements (PPAs).

The rating strengths however continue to be tempered by the implementation risks associated with the projects which the company proposes to implement in the medium term, exposure to counter-party risk for power off-take and dependence on favorable climatic conditions for power generation.

Timely commissioning of the projects under implementation without any cost overruns, receipt of receivable from Discoms/counter party, any large debt funded capex impacting credit risk profile of TPREL, expected continuous support from parent and credit rating of Tata Power are the key rating sensitivities.

Detailed description of the key rating drivers (TPREL)

Key Rating Strengths

Experienced promoters and established track record: TPREL is a wholly owned subsidiary of TPCL. The promoters have significant experience and established track record in setting up and operating power projects. TPREL has an operational capacity of approximately 2.6 GW (incl 379 MW capacity transfer from TPCL); while 550 MW of capacity is under construction as on September 30, 2019. Majority of the portfolio has an operational track record of more than three years. Further, the day to day operations of TPREL is handled by a very capable management team headed by Mr. Praveer Sinha, Chairman who is also Chief Executive Officer and Managing Director of TPCL. TPREL has four Directors in common with TPCL. TPREL along with WREL have strong business and financial linkages with TPCL and also share common treasury team. TPREL will benefit from TPCL's long and established track record in implementing and operating various power projects. Moreover, TPREL will remain the growth vehicle for renewable generation capacities under the Tata power group.

Strategic importance of TPREL considering thrust of parent to increase its renewable portfolio: TPREL is strategically important to TPCL given the thrust of TPCL to increase its non-fossil generation capacity to about 30-40% by 2025. The combined portfolio of WREL and TPREL add up to around 2.6 GW, making it a significant proportion of Tata Power's generation capacity. TPCL has been continuously providing financial support to TPREL in the form of infusion of share capital and unsecured perpetual securities. Moreover, TPCL has also extended corporate guarantee to the Non-convertible Debenture issue (NCDs) and various bank of bank limits of TPREL and WREL. Given the high strategic importance, TPREL is expected to receive continuous need based support from its parent i.e TPCL.

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

Presence of long term PPA offsetting demand and price risk; improvement in operational performance during FY19: Operational projects have PPAs signed with different counter parties including with its parent, TPCL, thereby diversifying revenue streams. Presence of most of the PPA's having tenure of around 25 year mitigates the demand and price risk. With the addition of capacities as well as better performance from existing as well as added capacities, the average PLF (Plant Load Factor) for TPREL has improved from 20.63% in FY18 to 21.20% in FY19 with the increase in generation from 882 MU in FY18 to 1450 MU in FY29. The average PLF for WREL have improved from 19.00% in FY18 to 19.10% in FY19 with the increase in generation from 1669 MU in FY18 to 1745 MU in FY19.

Comfortable capital structure with healthy debt coverage indicators: TPREL at consolidated level has a comfortable capital structure with healthy debt coverage indicators. The parent, TPCL has been infusing equity in the company on a regular basis for capacity expansion which supports capital structure. The overall gearing levels stood at 1.69x (1.65x as on March 31, 2018), total debt to gross cash accruals stood at 9.38 years (9.41 years in FY18), total debt/EBITDA stood at 4.88 years (5.34 years in FY18)and interest coverage ratio stood at 2.43x (2.35x in FY18) at the end of FY19. TPREL has 550 MW capacities under implementation having estimated project cost of about Rs. 2700-2800 crore which is likely to be funded in debt: equity ratio of 3:1. The capital structure is expected to remain stable in the medium term despite capex due to healthy cash accruals and support from parent.

Key Rating Weaknesses

Counter party risk impacting working capital cycle: TPREL remains exposed to high counterparty credit risks given the presence of long-term PPAs with state Discoms having inferior credit profile such as Andhra Pradesh, Tamil Nadu and Telangana. The average receivable days has increased from 85 days as on March 31, 2018 to 91 days as on March 31, 2019 mainly on account of delay in receipt of payments from Andhra Pradesh, Telangana and Tamil Nadu state distribution companies. The counter party risk is however partially mitigated by the diversified counter party mix with the PPA in place with financially strong off-takers such as NTPC, GUVNL, SECI, NVVN etc. Also, for some of the projects, the company also has PPA with the parent which also mitigates the counter party risk to some extent. TPREL Group is however implementing the growth plan based on the viability of the project and after considering the appropriate risk mitigation plans with respect to counter party.

Exposure to project execution risk: WREL has an operational capacity of 1010 MW (as on March 31, 2019), wherein all the projects have commissioned. As on September 30, 2019, under TPREL, the company has an operational capacity of 1175.2 MW, while 550 MW capacities are under execution and are expected to be commissioned during September 2020 to November 2020. Further, 379 MW of capacity is being carved out from TPCL. Thus, the company is exposed to project implementation risk, which to an extent is mitigated by successful track record of execution and commissioning of projects.

Climatic and technological risks, though consistent generation track record provides comfort: Achievement of desired CUF going forward would be subject to changes in climatic conditions, amount of degradation of modules as well as other technological risks. Thus, the company continues to remain exposed to climatic changes and technological risks.

Renewable Industry Outlook: Encouraging policy framework in renewable energy (RE) sector has resulted in rising share of installed capacity of RE from 5.83% of total energy capacity (approx. 7.7 GW out of 132 GW) as on March 31, 2007 to around 23.43% (approx. 82 GW out of 350 GW) as on August 31, 2019. As per the National Solar Mission Scheme, cumulative solar installed capacity is projected to reach to 100 GW (including 40 GW rooftop projects) by 2022. Renewable energy technologies have been supported by a number of fiscal and policy initiatives taken by the central and various state governments and the outlook is stable for RE sector. While the government's focus on renewable power is expected to result in long-term opportunities for the sector, competitive intensity could increase in auction based mechanism for both solar and wind projects. Also, there are concerns like inadequate grid connectivity on account of poor evacuation infrastructure, delays in land acquisition, uncertainty on policies in some states, besides the weak financial risk profile of Discoms and their ability to pay timely to the developers, lack of stricter RPO enforcement by the state regulators, inherent risk of variation in wind patterns and level of degradation of the modules given relatively lesser track record of technology in Indian conditions. Going forward, key monitorable for the sector would be level of competitive intensity, success of UDAY scheme to improve financial health of the Discoms and building up of sufficient evacuation infrastructure to cater to huge RE capacity addition.

Liquidity Analysis- Strong – TPREL (Consolidated)

TPREL at consolidated level has strong liquidity profile marked by strong cash accruals, low repayment obligations and available cash and cash equivalent of Rs. 166.75 crore as on March 31, 2019 (PY Rs. 145.75 crore). The liquidity is also supported by unutilized fund based working capital limits. However, utilization of non-fund based limits remained in the range of 70-80%. TPREL mostly uses CP for short term funding. TPREL is expected to meet its debt repayment obligation, incremental capex as well as regular working capital requirement from the cash accruals, available cash balance and undrawn bank limits. Further being part of Tata group and strategic arm of TPCL, TPREL enjoys significant level of financial flexibility and access to capital market as and when required.

Analytical approach: Not Applicable
Credit Enhancement Ratings: CARE has adopted combined approach for arriving at the ratings of TPREL. CARE has combined the business and financial risk profiles of TPREL, WREL and its subsidiaries as these companies are in the renewable energy segment and together represent the renewable energy business of TPCL. The companies are under a common management and share a common treasury with TPCL. List of companies which are getting combined are annexed as **Annexure-4.**

Applicable Criteria
Policy on Withdrawal of ratings
Criteria on assigning Outlook to Credit Rating
CARE's default recognition policy
Financial ratios - Non Financial Sector
Criteria for Short Term Instruments
Criteria for assignment of Provisional Ratings
Criteria for Credit Enhanced Debt
Rating Methodology: Factoring Linkages in Ratings
Rating Methodology - Infrastructure Sector Ratings
Rating Methodology- Solar Power Projects
Rating Methodology- Wind Power Projects

About the Guarantor (TPREL)
TPREL, a wholly owned subsidiary of The Tata Power Company Limited (TPCL, rated CARE AA; Stable) was incorporated in March 2007 for developing power projects through renewable energy sources in India. As on September 30, 2019, TPREL (Standalone) has 1175.2 MW of solar and wind assets [incl Vagarai Wind Farm Limited (21 MW) and Indorama Renewable Jath Ltd (30 MW)] and another 550 MW of capacities are under execution, while Walwhan Renewable Energy Limited (WREL) has 1010 MW of solar and wind assets.
Based on Standalone results for FY19, TPREL reported total operating income of Rs.794.75 crore, PBILDT of Rs. 711.80 crore and PAT of Rs.92.53 crore crore as against total operating income of Rs.658.53 crore, PBILDT of Rs. 605.11 crore and PAT of Rs.191.16 crore in FY18.

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total Operating Income	1756.87	2085.23
PBILDT	1599.07	1881.13
PAT	278.49	328.45
Overall Gearing (times)	1.65	1.69
Interest coverage (times)	2.35	1.43

A: Audited

About the Company
Clean Sustainable Solar Energy Private Limited (CSSEPL), earlier a part of the Welspun Group and now a step down subsidiary of Tata Power Renewable Energy Ltd. (TPREL) has developed a 50 MW photo-voltaic solar power plant at village Shirsuphal, tehsil Baramati, District Pune, in the state of Maharashtra on Public-private-partnership (PPP) basis with Maharashtra State Power Generation Company Limited (MAHAGENCO, rated 'CARE BBB+; Stable/ CARE A2+'). The project was awarded by MAHAGENCO on the basis of international competitive bidding based on revenue share offered to MAHAGENCO, and is the first grid connected solar power project in Maharashtra being implemented on a PPP basis. CSSEPL has entered into contract for design, part finance, engineering, manufacture, supply, erection, testing and commission, and 25 years of operation and maintenance of Grid Interactive Solar Power Project through PPP basis with MAHAGENCO dated June 16, 2014 (agreement date). CSSEPL had incurred total project cost of Rs. 373.94 crore for developing 50 MV PV solar power plant. Out of which MAHAGENCO has paid Rs.171 crore to the company at the time of commissioning of plant/handover of project. Remaining cost and the cost of operating and maintaining the plant is being recovered over the period of the project i.e. 25 years (as per the agreement with MAHAGENCO).
MAHAGENCO has entered into a 25-year Power Purchase Agreement (PPA) with Maharashtra State Electricity Distribution Company (MSEDCL) to supply power from the entire capacity at Rs. 8.98/ kWh. The project was commissioned in phases with 36 MW (phase I) commissioned on December 19, 2014 and 14 MW (phase II) commissioned on March 31, 2015.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)	FY19 (A)
Total Operating Income	40.75	44.21	42.13
PBILDT	38.35	39.73	38.84
PAT	6.90	11.86	17.05
Overall Gearing (times)	10.35	5.31	3.13
Interest coverage (times)	1.38	1.84	2.25

A: Audited

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 Facilities

Name of the Instrument	ISIN No.	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	-	-	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE AA- (SO); Stable (08-Oct-18)	1)CARE A (SO); Stable (19-Apr-17)	1)CARE BBB+ (SO) (Under Credit Watch) (07-Jul-16) 2)CARE BBB+ (SO) (21-Apr-16)

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

Name of the Instrument	Detailed explanation
A. Financial covenants	
I Debt Service Reserve Account (DSRA) maintenance	The company has to maintain DSRA for an amount of minimum 3 months interest and 3 months principle obligation
Ii DSCR	Minimum DSCR of 1.15 times
Iii Tangible Outstanding/ adjusted Tangible Networth	Not to exceed 4.25 times
Iv Fixed Asset Coverage Ratio	Not below 1.15 times
B. Non-financial covenants	
I Promoter holding to be maintained at minimum 51%	TPCL i.e. promoter shall maintain a minimum shareholding of 51% in the TPREL
Ii inclusion of borrower and/or any of the director in Reserve Bank of India's Willful defaulters list	
Iii any merger/amalgamation resulting in deterioration in credit profile	
Iv change in management control	

Annexure-4 List of subsidiaries getting combined in TPREL (Consolidated) as on March 31, 2019

Name of companies/ Entities	% of holding
Supa Windfarm Limited	100%
Nivade Windfarm Limited	100%
Poolavadi Windfarm Limited	100%
Vagarai Windfarm Limited	100%
Indorama Renewables Jath Limited	100%
Walwhan Renewable Energy Limited	100%
Walwhan Urja Anjar Ltd	100%
Walwhan Solar AP Ltd	100%
Walwhan Solar RJ ltd	100%
Northwest Energy Pvt Ltd	100%
Walwhan Solar Energy GJ Limited	100%
Dreisatz Mysolar24 Pvt ltd	100%
MI Mysolar24 Pvt Ltd	100%
Walwhan Energy RJ ltd	100%
Walwhan Solar MP Ltd	100%
Walwhan Solar MH Ltd	100%
Walwhan Solar KA ltd	100%
Walwhan Solar PB ltd	100%
Walwhan Solar Raj Ltd	100%
Walwhan Wind RJ Ltd	100%
Walwhan Solar TN Ltd	100%
Walwan Solar BH Ltd	100%
Clean Sustainable Solar Energy Private Limited	100%
Walwhan Urja India Ltd	100%
Solarsys Renewable Energy Pvt Ltd	100%

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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Navayuga Engineering Company Limited

January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities	2743.94 (reduced from 2936.57)	**CARE A-; Negative (Single A Minus; Outlook: Negative)**	Revised from CARE A; Stable (Single A; Outlook: Stable)
Long-term/Short-term Bank Facilities	6785.63 (enhanced from 6593.00)	**CARE A-; Negative/ CARE A2+ (Single A Minus; Outlook: Negative/A Two Plus)**	Revised from CARE A; Stable/CARE A1 (Single A Minus; Outlook: Stable/A One)
Total	**9529.57 (Rs. Nine Thousand Five hundred Twenty Nine crore and Fifty Seven lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the ratings assigned to the bank facilities of Navayuga Engineering Company Ltd (NECL) considers the stretched liquidity position of the company on back of delay in debtor realization primarily from Andhra Pradesh and Telangana states which constitutes 51% of the outstanding order book coupled with increased exposure by way of loans and advances/investments to group/subsidiaries/associate companies.

The ratings also derive comfort from experienced and resourceful promoters, established track record, strong asset base and engineering capabilities, robust and diversified order book position with long term revenue visibility, improvement in the revenue during FY19 (refers to the period April 1 to March 31) albeit decline in operating margins and stable industry outlook.

The ratings also considered pre-closure of works pertaining to Polavaram Irrigation project and proposed sale of two road SPVs and stake dilution in one of the group companies which is expected to further improve the liquidity position of the company.

The ratings are, however, constrained by high and increased exposure in subsidiaries/group companies, leveraged capital structure, and moderate operating cycle on account of working capital intensive nature of business.

Rating Sensitivities

Positive Factors:

- Timely execution of the outstanding order book and collection of bills within 60-90 days.

Negative Factors

- Infusion of funds/equity by the promoter/group companies and realization of advances extended to group companies as envisaged of Rs 630 crore in FY21 for reduction of overall debt.
- Further increase in the investments/loans to related parties in subsidiary/group companies resulting in exceeding the overall gearing above 4.0x (excluding. Corporate guarantee)

Outlook: Negative

The negative outlook reflects the stretched liquidity position of the company due to delay in debtor realization coupled with increase in exposure by way of loans and advances/investments to group/subsidiaries/associate companies which if continues may adversely impact the overall financial risk profile in the near term. The outlook may be revised to 'stable' if the company is able to infuse funds/equity by the promoter/group companies and realization of advances extended to group companies as envisaged of Rs.630 crore in FY21 for reduction in overall debt.

Detailed description of the key rating drivers

Key rating strengths

Experienced promoters, established track record coupled with strong engineering capabilities of the company: The Navayuga group, promoted by Mr. C.V. Rao, is a three-decade-old established industrial house of South India. The group has a diversified portfolio, with presence in construction and infrastructure development, port administration, information technology and spatial technology. Construction and infrastructure development is the core business activity of the group with NECL being the flagship company. The group also has an operational port at Krishnapatnam, Andhra Pradesh, operated through Krishnapatnam Port Company Ltd (KPCL) on BOT basis.

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

Order book with long term revenue visibility: NECL continues to have a diversified order book The order book as on June 30, 2019 stood at Rs.24,352 crore as against Rs.30,356 as on December 20, 2018, which translates to 4.34x of gross billing level of FY19 indicating long term revenue visibility. The order book is spread across varied segments with highest order in hand from irrigation works followed by road, tunnels & bridges and defense works. Further, NECL's order book is also geographically diversified with major orders in hand from Telangana followed by Maharashtra and Andhra Pradesh.

Moderate growth in total operating income albeit decline in profitability margins in FY19: NECL has witnessed marginal growth in total operating income by 6.26% to Rs.5599.44 crore in FY19 (against Rs.5269.36 crore in FY18) primarily due to 50% of its order book is exposed to Telangana and Andhra Pradesh government, where the payments are delayed due to state and assembly election having model code of conduct in place coupled with weak financials.
The PBILDT margins has declined during FY19 by 259 bps to 14.56% in FY19 from 17.15% in FY18 due to marginal increase in the revenue vis-à-vis higher increase in the fixed expenses such as administrative, sale and general expenses coupled with increase in construction expenses. In line with decline in the PBILDT level and increase in the interest expense the PAT margin has declined to 2.30% in FY19 as against 3% in FY18 (post adjusting profit on account of sale of asset).

Ongoing monetization of assets is expected to result in debt reduction; resulting improvement in liquidity: Company is proposing to sell 2 other road projects i.e. Navayuga Dhola Infra Projects Pvt Ltd, Navayuga Dibang Infra Projects Pvt Ltd. The company has signed the definitive agreement with the buyer in April 2019, however approval from MoRTH is pending. Further the group is in the process of diluting promoter's stake in "Krishnapatnam Port Company Ltd", where in the promoter along with relatives holds 90.60%. The Company is in advanced stages of finalizing the stake dilution with prospective investor subject to due diligence. The proceeds if utilized in the company for reduction of debt may improve the liquidity and capital structure going forward.

Healthy asset base; minimal reliance on sub-contracting: The asset base of the company continues to remain good with Fixed Asset turnover ratio at 3.49x in FY19, as against 3.48x in FY18. In lieu of sound asset base, the dependence on sub-contracting works is minimal. Hence Sub-contracting constitutes negligible portion of around <5% of the total work expenses.

Stable industry outlook: The construction industry contributes around 9% to India's Gross domestic product (GDP). Growth in infrastructure is critical for the development of the economy and hence, the construction sector assumes an important role. The sector was marred by varied challenges during the last few years on account of economic slowdown, regulatory changes and policy paralysis which had adversely impacted the financial and liquidity profile of players in the industry. Government of India has undertaken several steps for boosting the infrastructure development and revives the investment cycle. The same has gradually resulted in increased order inflow and movement of passive orders in existing order book.

Key rating weakness

High exposure in group companies/subsidiaries: NECL has presence in Public Private Partnership space through its subsidiaries and their SPV's however the exposure in subsidiaries/associates/group companies in the form of investments, loans and advances and Corporate Guarantees has remained high at Rs.5102.72 crore as on March 31, 2019 vis-à-vis Rs.4,116.41 crore as on March 31, 2018. NECL however continues to be exposed to the construction, financing and operational risks of its underlying SPV's. NECL has also given sponsor undertaking for financing cost overrun of the BOT projects implemented by SPVs and corporate guarantee given for term loans availed by them. NECL will be liable for funding cost overrun mainly in Navayuga Jahnavi Toll Bridge Private Ltd (NJTPL). During FY19, the company has extended an amount aggregating Rs575.98 crore as loans to related parties/ investments mainly to its road assets. Timely realization of investments to reduce the exposure in group companies is critical from credit perspective.

Moderately leveraged capital structure: Capital structure of the company remains moderate marked by overall gearing of 1.90x as on March 31, 2019 (against 1.72x as on March 31, 2018). Deterioration is primarily on account of increased mobilization advances and working capital borrowings. In line with increase in debt levels during FY19, the debt coverage indicators, interest coverage ratio and total debt to GCA have deteriorated from 1.86x and 7.64x in FY18 to 1.44x and 18.45x in FY19 respectively.

Moderate operating cycle with stretched liquidity on account of supporting group/subsidiaries: The construction business is associated with high working capital requirement to finance the extended operating cycle which is an inherent feature of the industry. The operating cycle of the company increased to 137 days in FY19 from 104 days in FY18 on account of delay in debtor realization. The collection period of the company has deteriorated from 132 days in FY18 to 162 days in FY19 due to delay in realization of debtors primarily from Andhra Pradesh and Telangana states. Both the states contribute around 51% of the outstanding order book as on June 30, 2019. Further the company has infused funds

in its group/associate companies to an extent of Rs.576 crore during FY19 to support the operations of the subsidiaries, which has exerted pressure on the working capital requirement of the company.
The average working capital utilization of the company remained high at ~90% for the last 12 months ended November 2019. The non-fund based utilization of the company stands at 81% and further, the company has to ensure timely retirement of bank guarantees including the BGs given to polavaram project (termination on mutual consent), which are critical from execution of orders.

Liquidity – Stretched
Liquidity position of the company stands stretched marked by generation of GCA of Rs 273.92 crore vis-à-vis scheduled repayment obligations of Rs 398.97 crore, this apart delays in realization, coupled with capex and extension of support to group companies by way of loans aggregating to Rs 576 crore resulting in average utilization of the working capital at 90% for the past 12 months ended November 2019 with moderate free cash balance of Rs 81.12 crore as on March 31, 2019.

However, during September 2019, to ease the liquidity position of the company, the promoters have infused around Rs.300 crore as on September 30, 2019 to meet the debt servicing and working capital requirements.

Analytical Approach: Standalone. However the corporate guarantees, investments and loan & advances extended to associates/ group companies have been factored for the assessment of credit rating

Applicable Criteria:
Criteria on assigning Rating Outlook and Credit Watch
CARE's Policy on Default Recognition
Rating Methodology- Construction Sector
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments
Rating methodology- Consolidation and factoring linkages in ratings

About the Company
Incorporated in 1986, NECL, belonging to Hyderabad-based conglomerate Navayuga, promoted by Mr C. Visweswara Rao. NECL is an infrastructure and civil engineering construction company engaged in execution of civil construction contracts on engineering procurement and construction (EPC) basis. Besides, it also has presence in the infrastructure development segment on Public Private Partnership (PPP) basis through its special purposed vehicle (SPVs). NECL is specialized in execution of contracts which requires high technical qualifications and has ability to bag the construction contracts from varied sectors such as marine structures, pile foundations, irrigation, road, bridges, flyover, power projects, etc.
Navayuga group, a three-decade-old industrial house, has diversified presence in port administration, information technology and spatial technology. However, construction and infrastructure development is the core business activity of the group with NECL being the flagship company.

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	5269.36	5599.44
PBILDT	903.81	815.05
PAT	399.35	128.59
Overall gearing (times)	1.58	1.90
Interest coverage (times)	1.86	1.44

A: Audited

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
Fund-based - LT-Cash Credit	-	-	-	1050.00	CARE A-; Negative
Fund-based - LT-Term Loan	-	-	FY2026	1693.94	CARE A-; Negative
Non-fund-based - LT/ ST-BG/LC	-	-	-	6785.63	CARE A-; Negative / CARE A2+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	1050.00	CARE A-; Negative	-	1)CARE A; Stable (08-Jan-19)	1)CARE A; Stable (18-Dec-17) 2)CARE A; Stable (17-Oct-17)	1)CARE A- (13-Oct-16)
2.	Fund-based - LT-Term Loan	LT	1693.94	CARE A-; Negative	-	1)CARE A; Stable (08-Jan-19)	1)CARE A; Stable (18-Dec-17) 2)CARE A; Stable (17-Oct-17)	1)CARE A- (13-Oct-16)
3.	Non-fund-based - LT/ ST-BG/LC	LT/ST	6785.63	CARE A-; Negative / CARE A2+	-	1)CARE A; Stable / CARE A1 (08-Jan-19)	1)CARE A; Stable / CARE A1 (18-Dec-17) 2)CARE A; Stable / CARE A1 (17-Oct-17)	1)CARE A- / CARE A2+ (13-Oct-16)
4.	Commercial Paper	ST	-	-	-	1)Withdrawn (03-Jan-19)	1)CARE A1 (18-Dec-17)	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-Not Applicable

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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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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Resin Agency LLP
January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1,2]	Rating Action
Long Term – Non-fund based limits	26.00	**CARE A+; Stable (Single A Plus; Outlook: Stable)**	**Reaffirmed**
Short-term – Working Capital Limits	4.00	**CARE A1 (A One)**	**Reaffirmed**
Total	**30.00 (Rs. Thirty crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
The rating assigned to the bank facilities of Resin Agency LLP (RAL) continue to factor in well-established track record and experience of promoters in cordage industry and its diversified product offerings, sustained robust operating margins and comfortable debt coverage indicators. Ratings also continue to factor in the arrangement for procurement of key raw material with Reliance Industries Limited (RIL, CARE rated AAA; stable/CARE A1+).
CARE has considered combined financials of India Nets (IN), Polysil Pipes (PP) and Resin Agency LLP (RAL) along with consolidated financials of Tufropes Private Limited referred to as the Tufropes Group. All the entities in the group are closely held with significant ownership and control resting with family members of key promoters. Entities in-group are engaged in similar line of business (i.e. manufacturing of Ropes, Twines and Nets), from single key raw material resin and sells its product under single brand logo. Historically, group has demonstrated its intensity to support the group entities and intergroup transactions indicating fungibility of cash flows.
The rating strengths however are tempered by volatility associated with raw material prices, foreign exchange fluctuation risk, prevalent competition in HDPE/PP ropes and twines segment from un-organized players.
Significant withdrawal of capital from the group through partnership entities or any unanticipated large debt funded capex would remain key rating sensitivities.

Rating Sensitivities (Tufropes Group)
Positive Factors

- Increase in the scale of operations with sustainable combined PBILDT margin in the range of 20-21%

Negative Factors

- Higher than anticipated capital withdrawal leading/debt funded capex leading to deterioration in overall gearing to 0.50x

Detailed description of the key rating drivers
Key Rating Strengths
Long standing experience of promoters with polymer value chain
Tufropes Group is jointly promoted by the Goel family and the Jain family. The group is led by an experienced management, having an experience of more than two decades with significant understanding and knowledge of the industry enabling them to set-up and operate various products including polypropylene-film ropes, HDPE twisted twine, polyester ropes, shade nets, fishing nets, HDPE pipes, etc. which are consumed by industries including construction, fishing (including aqua culture, irrigation, etc.

Established track record of operations with diversified product applications
Tufropes Group has been associated with cordage application industry since last two decade. Over the years, it has established itself as one of the leading Original Equipment Manufacturer for ropes and twines and nets. The products manufactured are sold across 85 countries across the globe to diverse industries like Shipping & Marine, Aquaculture, agriculture and safety instruments.

Export backed growth in total operating income with robust operating profit margin
During FY19, Tufropes Group's income remained flat. TPL's production and turnover declined marginally, however, the same was offset by improving realisations. The improvement in realisations was on account of higher exports during the year. The group reported improved sales volume on back of consistent export demand from geographies likes USA, UK, Australia, Africa, Ghana, etc. Export demand also remained elevated due to depreciation in value of Indian Rupee making Indian products competitive in global market.

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

Despite volatility in its key raw material cost (during FY19), the Group's margins remained robust at 19.57%. The improvement in operating profit margin was on account of benefits deriving from economies of scale with better realisation and higher exports.

Comfortable leverage with strong debt coverage indicators
The group has a robust capital structure. Overall gearing as on March 31, 2019 improved to 0.18x on account of reduction in working capital borrowings and accretion of profits to reserves. The dependence on external borrowing was limited as group generates enough cash flows to fund the maintenance capex and working capital requirements. Further, the debt coverage indicators like overall gearing, interest coverage and total debt to GCA continued to improve during FY19 and H1FY20.

Sourcing arrangement for key raw material procurement
Typically, material cost comprises of 75% of total cost of sales for any year. However, the proportion of polypropylene granules form a majority of the raw material cost of the company accounting for nearly 90% of total material cost. Reliance Industries Limited (RIL) is the largest supplier of resin in domestic market. The promoter group has entered into an agreement with RIL for the raw material sourcing requirement of all its group companies, including TPL.

Key Rating Weaknesses
Volatile raw material prices and exposure to foreign exchange fluctuation
HDPE/PP granules being petro-chemical based products; its prices are linked to the international crude prices and hence subject to volatility. TPL purchases this key material from RIL at market-linked rates, exposing it to fluctuations in the raw material prices. However, due to a strong presence in the domestic and international markets, the company attempts to pass on a substantial portion of the increase in the price of raw materials to its customers. The company does not have any hedging policy, thus is exposed to foreign exchange fluctuations.

High competition from un-organized players in HDPE/PP ropes segment
Domestic cordage industry is largely dominated by players operating in the unorganised sector, posing stiff competition to the organized players in the market. However, group was able to maintain its presence in the global markets with exports of superior quality products. The company is also one of the leading players in the fish/shade nets with the newly commissioned facility in Gujarat. The shade nets are generally used for applications such as livestock housing, poultry buildings, greenhouses, hoop structures, barns, kennels, canopies, and more.

Risk associated with partnership firms
IN being a partnership entity, the risks associated with withdrawal of partners' capital exist. The entity is exposed to inherent risk of partners' capital being withdrawn at time of personal contingencies as also it has limited ability to raise capital and may result in dissolution of entity. Due to the partnership constitution, it has restricted access to external borrowing where net worth as well as credit worthiness of partners is the key factors affecting credit decision of lenders.

Industry Outlook
During April-October 2018, plastics export from India stood at USD 3.47bn as against USD 8.9bn during FY18. During April-October 2018, top three importers of Indian plastic products were China (USD 553.42mn), US (USD 234.76mn) and Italy (USD 188.31mn).
The Indian plastics industry produces and exports a wide range of raw materials, plastic-moulded extruded goods, polyester films, moulded / soft luggage items, writing instruments, plastic woven sacks and bags, polyvinyl chloride (PVC), leather cloth and sheeting, packaging, consumer goods, sanitary fittings, electrical accessories, laboratory/medical surgical ware, tarpaulins, laminates, fishnets, travel ware, and others.
Among the industry's major strengths is the availability of raw materials in the country. Thus, plastic processors do not have to depend on imports. These raw materials, including polypropylene, high-density polyethylene, low-density polyethylene and PVC, are manufactured domestically.

Liquidity Analysis: Strong
As on Sep 30, 2019, RAL has strong liquidity in the form of cash and cash equivalents to the tune of Rs. 5.42 crore, of which Rs. 5.00 crore is kept as margin money towards the bank guarantee, low utilised working capital limits (average utilisation for trailing 12 months Sep-19 stands at 22%) and expected cash accrual of Rs. 9.94 crore in FY20. The firm doesn't have any term debt. The Tufropes group also has investments in quoted mutual funds of Rs. 59.62 crore (as on Sep 30, 2019).

Analytical Approach
For arriving at ratings, CARE has combined the business and financial risk profile of Tufropes Private Limited and its group companies namely India Nets, Polysil Pipes, and Resin Agency LLP. Combined approach was adopted as all the entities in

the group are closely held with significant ownership and control resting with family members of key promoters. Entities in group are engaged in similar line of business and historically, group has demonstrated its intensity to support the group entities resulting in fungibility of cash flows.

Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Manufacturing Companies
Financial ratios – Non-Financial Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings

About the Company
Resin Agency LLP is a limited liability partnership firm and is established as a del-credere agent/authorized dealer for the products offered by Reliance Industries. RAL houses the erstwhile business of Resin Distributors Limited. Resin Distributors Ltd., was established in 1991 as del-credere agent of Reliance Industries Ltd. for sales and distribution of RIL's polymer products. The firm caters to Maharashtra, Daman, Silvassa, South Gujarat and Goa markets.

Brief Financials – Tufropes Group Combined (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	820	833
PBILDT	159	163
PAT	84	89
Overall gearing (times)	0.25	0.18
Interest coverage (times)	17.60	23.89

A: Audited

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
Non-fund-based - LT-Bank Guarantees	-	-	-	26.00	CARE A+; Stable
Fund-based - ST-Bank Overdraft	-	-	-	4.00	CARE A1

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Non-fund-based - LT-Bank Guarantees	LT	26.00	CARE A+; Stable	-	-	-	-
2.	Fund-based - ST-Bank Overdraft	ST	4.00	CARE A1	-	-	-	-

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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Grow Ever Steel (India) Private Limited
January 08, 2020

Rating

Facilities	Amount (Rs. crore)	Rating[13]	Rating Action
Long-term Bank Facilities	3.50	**CARE A+; Stable (Single A Plus; Outlook: Stable)**	**Reaffirmed**
Long/Short-term Bank Facilities	6.96 (reduced from 8.23)	**CARE A+; Stable/CARE A1+; (Single A Plus; Outlook: Stable/ A One Plus)**	**Reaffirmed**
Total	**10.46 (Rupees Ten crore and forty six lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Grow Ever Steel (India) Private Ltd (GESIPL) continue to derive comfort from the experience of the promoters, strong operational linkage with established customer Patton International Ltd (PIL) with strategic location of the plant in vicinity of PIL, satisfactory capacity utilization and stable financial performance in FY19 (refers to the period April 1 to March 31) and comfortable capital structure and debt coverage indicators.

The ratings continue to remain constrained by the small scale of operations, profitability susceptible to volatility in raw materials prices and working capital intensive nature of operation.

Rating Sensitivities

Positive factors

- Increase in scale of operation
- Improvement in operating profitability

Negative Factors

- Reduction in operating income below Rs.80 crore
- Decline in operating margins below 6%
- Any major capex decision impacting capital structure and coverage indicators
- Disassociation with PIL

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters

Mr. Rajat Sarawgi, MD, has about a decade of business experience. He is supported by a team of experienced professionals who assists him in looking after the day-to-day operations of the company. The company was jointly promoted in 2006 by the promoters of PIL and Sarawgi family (family of daughter of Mr. Budhia, the promoter of PIL) and in 2011, the entire shareholding was taken over by the Sarawgi family.

Strategic location of the plant

GESIPL's manufacturing facility is located at Falta, West Bengal, offering locational advantage in terms of raw material sourcing from established steel companies in West Bengal. Further, GESIPL sold around 65% in FY19 (around 67% in FY18) of its products to PIL, whose factory is also located in Falta SEZ Zone, from where PIL's products are exported. Proximity to the PIL's plant (major customer) offers GESIPL the distinct advantage over others in terms of shorter lead time and advantages associated with lower logistic costs.

Satisfactory capacity utilisation in FY19

The capacity utilization of ERW Tubes/components remained moderate at 60.46% in FY19 as against 62.08% in FY18. The CU moderated in FY19 due to lower orders on the back of overall increase in input costs.

Significant revenue derived from the reputed customer PIL

GESIPL was formed as a backward integration initiative for PIL and caters to about 60-65% of the tubes requirement of PIL. The company derives around 65% of its revenue from PIL whereas the rest is sold to other companies mainly in the auto industry. The company enjoys a long relationship with its customers including PIL, as it is able to secure repeat orders over the years.

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

Relatively stable financial performance in FY19

GESIPL's total operating income witnessed a y-o-y growth of about 9% to Rs.87.45 crore in FY19 driven by higher sales value of pipes and tubes. PBILDT margin moderated from 7.86% in FY18 to 7.12% in FY19 due to general increase in overhead costs and also due to the lag effect in passing on the increase in RM costs. Interest coverage improved from 8x in FY18 to 12.09x in FY19 mainly due to decline in interest cost on lower debt levels. The GCA in FY19 was Rs.4.39 crore as against a repayment obligation of Rs.1.78 crore.

The performance of the company remained satisfactory in H1FY20. The company achieved PAT of Rs.2.32 crore on operating income of Rs.46.80 crore in H1FY20.

Comfortable gearing ratios and debt coverage indicators

GESPIL's overall gearing ratio remained comfortable and improved from 0.42x as on Mar.31, 2018 to 0.24x as on March 31, 2019 on account of reduction in debt and accretion of profit to reserves. Further, the total debt/GCA ratio also improved from 2.06x in FY18 to 1.32x in FY19 mainly due to lower debt level. The debt level reduced further to Rs.1.88 crore as on Sep.30, 2019 as against Rs.5.78 crore as on Mar.31, 2019.

Stable industry outlook

The products manufactured by GESIPL are used in automotives, light engineering, medical equipment, hospital equipment, construction, furniture as well as other industrial products. The demand outlook for the product manufactured is stable in the. GESIPL has an established customer base (mainly PIL) with well accepted products in the market.

The prospects of the company remain dependent upon optimal utilization of its facilities while managing the working capital efficiently.

Key Rating Weaknesses

Small scale of operations

GESIPL has small scale of operations with a gross turnover of Rs.87 crore during FY19 (PY: Rs.81 crore) and a networth of Rs.24.08 crore as on Mar'19, which deprives it from the benefits of economies of scale. However, the credit profile of the company derives significant strength from its strong operational linkage with PIL, which has a comfortable financial risk profile.

Profitability susceptible to volatility in raw materials prices

The raw-material [i.e. CR Coils, HR Coils, HRSPO and GP Sheets] is the largest component of total cost of sales for GESIPL, constituting 84% of the total cost of sales in FY19 (82% in FY18). The company procures the raw-material as well as sells its product at the prevailing market prices. Given that the raw-material prices are volatile in nature, the profitability of the company is susceptible to volatility in raw-material prices.

Working capital intensive nature of operation

The business of GESIPL is working capital intensive in nature as the company has to provide high credit period to its customers in view of general practice in the industry and maintain inventory of around one month for smooth manufacturing operation. The working capital requirement of the company is financed through a mix of creditors, internal accrual and bank borrowings. The operating cycle increased from 52 days in FY18 to 62 days in FY19 mainly on account of reduction in creditor's period. The collection period improved from 96 days in FY18 to 89 days in FY19. The inventory period deteriorated marginally from 39 days in FY18 to 42 days in FY19.

Liquidity: Adequate

The company has adequate liquidity and the cash accruals are likely to be sufficient to meet the term debt repayment obligations. The company does not have any major capital expenditure plan in the medium-term. The average utilization of fund based bank limits was around 32% for the past 12 months ending November 2019. The current ratio remained moderate at 1.83x as on March 31, 2019.

Analytical Approach: The rating is based on standalone financials of GESIPL. It also factors in the strong operational linkage with PIL.

Applicable Criteria:

Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology-Manufacturing Companies
Financial ratios – Non-Financial Sector
Criteria for Short term Instruments

About the Company

GESIPL was incorporated in November 2006, initially jointly promoted by the Budhia family of Kolkata and Mr. Rajat Sarawgi. Thereafter, in December, 2011, Mr. Sarawgi and family took over the entire management of the company. GESIPL is engaged in production of ERW MS precision steel tubes, hollow sections and tubular components. The manufacturing facility is located at Falta, West Bengal, having an installed capacity of 21,000 tonne per annum (tpa) for ERW tubes/hollow sections and 30 to 35 lakh pieces of tubular components. The capacity was increased from 12000 tpa to 21000 tpa in May 2017.

Brief Financials (Rs. Crore)	FY18 (A)	FY19 (A)
Total operating income	80.02	87.45
PBILDT	6.29	6.23
PAT	3.10	3.33
Overall gearing (times)	0.42	0.24
Interest coverage (times)	8.00	12.09

A: Audited
CARE has made analytical adjustments while calculating the ratios.

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
Fund-based - LT-Term Loan	-	-	October 2020	0.96	CARE A+; Stable
Fund-based - LT-Cash Credit	-	-	-	6.00	CARE A+; Stable
Non-fund-based - LT/ ST-BG/LC	-	-	-	3.50	CARE A+; Stable / CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	0.96	CARE A+; Stable	-	1)CARE A+; Stable (15-Feb-19)	1)CARE A+; Stable (05-Jan-18)	1)CARE A+; Stable (21-Feb-17)
2.	Fund-based - LT-Cash Credit	LT	6.00	CARE A+; Stable	-	1)CARE A+; Stable (15-Feb-19)	1)CARE A+; Stable (05-Jan-18)	1)CARE A+; Stable (21-Feb-17)
3.	Non-fund-based - LT/ ST-BG/LC	LT/ST	3.50	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (15-Feb-19)	1)CARE A+; Stable / CARE A1+ (05-Jan-18)	1)CARE A+; Stable / CARE A1+ (21-Feb-17)

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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Ok Enterprise
January 08, 2020

Ratings

Facilities	Amount (Rs. Crore)	Rating[1]	Rating Action
Long term bank facilities	-	-	Reaffirmed at CARE B+; Stable; Issuer Not Cooperating and Withdrawn
Short term bank facilities	-	-	CARE A4; Issuer Not Cooperating and Withdrawn

*Details of facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

CARE has reaffirmed and withdrawn the outstanding rating of 'CARE B+; Stable/A4; issuer Not Cooperating' (Single B Plus; Outlook: Stable/A4; Issuer Not Cooperating) assigned to the bank facilities of Ok Enterprise with immediate effect. The above action has been taken at the request of Ok Enterprise and 'No Objection Certificate' received from the bank that has extended the facilities rated by CARE.

Detailed description of the key rating drivers

Key Rating Weaknesses

Constitution as a proprietorship entity

O K Enterprise being a proprietorship entity is exposed to inherent risk of the proprietor's capital being withdrawn at time of personal contingency and entity being dissolved upon the death/insolvency of the proprietor. Furthermore, proprietorship entities have restricted access to external borrowing as credit worthiness of proprietor would be the key factors affecting credit decision for the lenders.

Small scale of operation with moderate profitability margin

O K Enterprise is a small player in construction industry with a PAT of Rs.3.08 crore (Rs.1.64 crore in FY18) on total operating income of Rs.37.37 crore (Rs.14.94 crore in FY18) in FY19. Net worth of the entity was Rs.6.99 crore as on March 31, 2019. The small size restricts the financial flexibility of the entity in terms of stress and deprives it from benefits of economies of scale. Due to its small scale of operations, the absolute profit levels of the entity also remained low. The profitability margins remained moderate marked by PBILDT and PAT margins of 9.34% (FY18: 12.15%) and 8.25% (FY18: 10.95%), respectively, in FY19.

Risk associated with participating in tenders and intense competition in the industry

The entity has to bid for the contracts based on tenders opened by the various governments and public sector units. Upon successful technical evaluation of various bidders, the lowest bid is awarded the contract. The entity receives projects which majorly are of a short to medium tenure (i.e. to be completed within maximum period of one to two years). Furthermore, orders are generally tender driven floated by government units indicating a risk of non-receipt of contract in a competitive industry. The outlook of construction sector appears challenging in view of slow execution of the existing order book in view of hindrances related to land acquisition, obtaining requisite clearances, labour shortage and liquidity issues with the clients, etc. Additionally, the sector is plagued with elongated working capital cycle leading to increase in debt level of construction companies.

Working capital intensive nature of business

The operations of the entity remained working capital intensive as the entity executes orders mainly for public sector units and government departments. Due to its working capital intensive nature of operations, the entity stretches its payments to its suppliers. Accordingly, the average utilisation of working capital was high at around 70% during last 12 months ended June, 2018.

Volatility associated with fluctuations in input prices

The major input materials for the entity are cement, steel structures, iron structures, angles, bricks, sand, rods etc., the prices of which are volatile. Further the orders executed by the entity contain price escalation clause on some of the orders and thus the entity mitigates price volatility of the input materials to some extent. This apart, any increase in labour prices will also impact its profitability being present in a highly labour intensive industry.

Key Rating Strengths

Experienced management & satisfactory track record of operationsO K Enterprise started its business from April 1989 and thus has satisfactory track record of operations. Mr. Atulananda Barman (Proprietor) who has around 28 years of experience respectively in civil construction industry looks after the day to day operations of the entity. He is also supported by other technical and non-technical professionals who are having long experience in this industry.

Satisfactory leverage ratios and debt coverage indicators Capital structure of the entity remained satisfactory as marked by overall gearing ratio of 0.75x (0.43x as on March 31, 2018) as on March 31, 2019. Furthermore, long term debt equity ratio was at 0.05x as on March 31, 2019. Moreover, the debt coverage indicators also remained comfortable as marked by total debt to GCA ratio of 1.67x (1.22x in FY18) in FY19. Moreover, interest coverage ratio remained comfortable at 9.45x (14.41 in FY18) in FY19.

Analytical approach: Standalone
Applicable Criteria
[CARE's policy on withdrawal of ratings]
[Criteria on assigning 'outlook' and 'credit watch']
[CARE's Policy on Default Recognition]

About the Entity
O K Enterprise was established in April 1989 with an objective to enter into undertaking electrical and other civil construction business. It is a class -1 category of contractor. Since its inception, the entity has been engaged in carrying out electrical work contract which includes executing turnkey contracts for power department, supply, erection & commissioning of electrical equipment.
Mr. Atulananda Barman (Proprietor) who has more than two decades of experience respectively in civil construction industry looks after the day to day operations of the entity. He is also supported by other technical and non-technical professionals who are having long experience in this industry.

Brief Financials (Rs. crore)	FY18(A)	FY19 (A)
Total operating income	14.94	37.37
PBILDT	1.81	3.49
PAT	1.64	3.08
Overall gearing (times)	0.43	0.75
Interest coverage (times)	13.98	9.30

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

Other information: Not Applicable.

Rating History (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
Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantees	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (20-Sep-19)	1)CARE BB-; Stable (14-Dec-18)	-	-
2.	Non-fund-based - ST-Bank Guarantees	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING* (20-Sep-19)	1)CARE A4 (14-Dec-18)	-	-
3.	Non-fund-based - ST-Letter of credit	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING* (20-Sep-19)	1)CARE A4 (14-Dec-18)	-	-

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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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Premium Lifestyle And Fashion India Private Limited

January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[14]	Rating Action
Long-term Bank Facilities	62.24 (enhanced form 43.00)	**CARE BB+; Positive (Double B Plus; Outlook : Positive)**	**Reaffirmed**
Total	**62.24 (Rupee Sixty Two Crore and Twenty Four Lakh only**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Premium Lifestyle and Fashion India Private Limited (PLFPL) continues to remain constrained by the short track record of operations, relatively low profit levels and margins associated with trading nature of business, working capital intensive nature of the business with continuing high reliance on bank borrowings and the company's presence in highly fragmented and competitive industry. The rating also takes into account significant decline in the profitability margins during FY19 (refers to April 01 to March 31), The rating is, however, underpinned by the experienced management team, exclusive zonal distributorship for Reliance Jio Infocomm Limited in states of Andhra Pradesh (A.P.) and Telangana, distributorship of Apple products and significant as well as increasing revenue contribution from the same and favourable industry growth prospects. The rating also takes into account growth in scale of operations with improvement in revenue during FY19 (refers to period April 01 to March 31) and comfortable capital structure aided primarily by quasi-equity in the form of sub-ordination of unsecured loans brought in by the promoters.

Rating Sensitivities:

Positive Factors:

- Ability of the company to scale up operations and improve its profitability margins

Negative Factors:

- Decline in PBILDT margin below 0.3%
- Withdrawal of subordinated unsecured loans

Outlook: Positive

The 'Positive' outlook reflects CARE's expectation of improvement in the total operating income of the company backed by Flipkart sales while managing the capital structure and working capital requirements.

Detailed description of the key rating drivers

Key Rating Weaknesses

Short track record of operations

PLFPL was incorporated on June 08, 2015 but the commercial operation commenced from December 2015, post commercial launch of Reliance Jio mobile handsets brand 'LYF'. FY19 was the fourth year of commercial operation for the company and the company has achieved significant growth in the revenue during the past years despite short track record of the operation.

Low profitability margins owing to trading nature of business; significant decline in the same during FY19

Inherent to the nature of the distribution business, PLFPL's profit margins are low. On absolute terms, PBILDT level of the company increased from Rs.22.61 crore during FY18 to Rs. 25.55 crore in FY19. However, the PBILDT margin declined by 271 bps from 3.47% in FY18 to 0.76% in FY19 due to low value additive trading nature of the FlipKart sales. However, excluding the revenue/ expenses of FlipKart sales from the total revenue / total cost of the company; the adjusted PBILDT margin works out to be 3.49% for FY19 vis-à-vis 3.47% for FY18.

Continuing high reliance on bank borrowings

Being engaged in distribution business, the requirement of working capital is high for the company. Besides, a part of the internal accruals is also being utilized towards furniture & fixture expenses of the retail outlets and the credit period availed from the suppliers is also relatively low. In addition to this, the growing scale of business has also resulted in persistent higher utilisation of the fund based limits. The average bank borrowings utilization remained high at about 90% during the 12 month period ended November 30, 2019.

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

Key Rating Strengths

Experienced management team

PLFPL has been promoted by Ms Meghna Singh and Ms Nikita Singh. While the company has recently commenced operations but it is run by an experienced management team which includes Mr. Sutinder Singhwho has more than a decade of experience in the telecom distribution & retail business. The promoters are resourceful and have been infusing funds to support the requirement of growing business.

Distributorship agreement with Reliance Retail Ltd., Xiaomi Technology India Pvt. Ltd. and others

The company is a premium reseller for Apple, Xiaomi and other lifestyle brands like Calvin Klein, Peter England, Louis Philippe, MAX fashion, FAB India and distributor of products of Reliance Jio, and Luxottica. PLFPL has exclusive distributorship for Relaince Jio products in states of Andhra Pradesh and Telangana. The company is also one of the premium resellers of Apple products (procured from National distributors) in the states of Andhra Pradesh and Telangana and operates 31 retail outlets exclusive for Apple products. The revenue contribution from sale of Apple products has been increasing significantly and same comprises about 45% of total revenue (excl. FlipKart sales) in FY19 (as against 50% in FY18).

High revenue growth backed mainly by FlipKart sales during FY19

The revenue (TOI) of the company grew significantly to Rs. 3354.45 crore during FY19 from Rs.651.80 crore during FY18 mainly on account of FlipKart sales amounting to Rs. 2623.40 crore (**NIL** during FY18). PLFPL has a back to back arrangement with FlipKart wherein PLFPL will supply various products to customers and collect all revenues generated out of the sales.

Although, revenue of the company increased significantly during FY19; major portion was contributed from FlipKart sales wherein actually the net income was only Rs. 0.50 crore for FY19. Excluding the Flipkart sales, the total revenue clocked by the company for FY19 amounted to Rs. 731.05 crore in FY19 as against Rs. 651.80 crore in FY18 showing a growth of 12%. While it has achieved aggressive growth during the past three years, the maintenance of same remains to be seen.

As per unaudited financials for 8MFY20, the company has registered revenue of Rs.6,588.75 crore along with PBILDT and PBT of Rs.23.40 crore and Rs. 12.35 crore respectively.

Improvement in the financial risk profile aided primarily by quasi-equity in the form of unsecured loans which are sub-ordinated to external bank funds

The overall gearing ratio of the company improved significantly to 0.94x as on March 31, 2019 despite increase in the bank borrowings in order to meet working capital requirements due to and subordination of the unsecured loans from promoters to the tune of Rs. 30 crore as the same was considered as quasi equity and included in reckoning the nertworth (**NIL** quasi equity as on March 31, 2018). The debt profile of the company comprises of working capital borrowing and unsecured loans from related parties.

Liquidity – Adequate

Adequate liquidity characterized by sufficient cushion in accruals and repayments obligations. However, the company's reliance on bank borrowings continues to remain high resulting in high utilization of bank limits. The average bank borrowings utilization remained high at about 90% during the 12 month period ended November 30, 2019. The cash balance of the company was adequate at Rs 20.10 crore as on March 31, 2019.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook and Credit Watch to Credit Ratings

CARE's Policy on Default Recognition

CARE's methodology – Wholesale Trading

Financial ratios – Non-Financial Sector

About the Company

Premium Lifestyle and Fashion India Private Limited (PLFPL) was incorporated on June 08, 2015 by Ms Meghna Singh and Ms Nikita Singh, based in Hyderabad. PLFPL is engaged in the distribution of mobile handsets for Reliance Jio (brand LYF), Apple products and Xiaomi (MI Brand) and also provides related services for the said brands along with sales of lifestyle brand, Calvin Klein through exclusive retail stores. During FY18, the company entered into agreements with other lifestyle brands like Peter England, Louis Philippe, MAX fashion and Luxottica (distributorship of products of Ray Ban, Prada, Giorgio, Armani, Versace etc.) for the states of Andhra Pradesh and Telangana.

PLFPL is the zonal distributor for Reliance Retail Limited (RRL) to distribute the products and services of Reliance Jio in the states of Andhra Pradesh and Telangana. PLFPL has appointed more than 150 Redistribution Stockiest (RDS) across both the states for the sales of Reliance Jio mobile handsets and services. The company also operates 31 exclusive Apple stores by the name of Aptronix and Apex in Hyderabad, Vijayawada, Bangalore, Visakhapatnam and Mumbai.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	651.80	3354.45
PBILDT	22.61	25.55
PAT	8.31	8.51
Overall gearing (times)	3.77	0.94^
Interest coverage (times)	2.75	2.69

A: Audited

^Rs.30.00 crore of unsecured loans from promoters are subordinated to bank loans and will not be withdrawn until the bank facilities are fully repaid, hence the same is considered as quasi equity and included in reckoning the net worth and calculation of overall gearing.

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

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
Fund-based - LT-Cash Credit	-	-	-	33.99	CARE BB+; Positive
Fund-based - LT-Bank Overdraft	-	-	-	25.00	CARE BB+; Positive
Fund-based - LT-Mortgage Loan facility/ Asset backed financing	-	-	-	3.25	CARE BB+; Positive

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	33.99	CARE BB+; Positive	-	1)CARE BB+; Positive (08-Jan-19)	1)CARE BB+; Positive (26-Sep-17) 2)CARE BB+; Stable (24-Aug-17)	1)CARE BB (30-Aug-16)
2.	Fund-based - LT-Bank Overdraft	LT	25.00	CARE BB+; Positive	-	1)CARE BB+; Positive (08-Jan-19)	1)CARE BB+; Positive (26-Sep-17) 2)CARE BB+; Stable (24-Aug-17)	-
3.	Fund-based - LT-Mortgage Loan facility/ Asset backed financing	LT	3.25	CARE BB+; Positive	-	-	-	-

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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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Polysil Pipes
January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[15]	Rating Action
Long Term/Short-term bank facilities	30.00	**CARE A+; Stable/CARE A1 (Single A Plus; Outlook: Stable/A One)**	**Reaffirmed**
Total	**30.00 (Rs. Thirty crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
The rating assigned to the bank facilities of Polysil Pipes (PP) continue to factor in well-established track record and experience of promoters in cordage industry and its diversified product offerings, sustained robust operating margins and comfortable debt coverage indicators. Ratings also continue to factor in the arrangement for procurement of key raw material with Reliance Industries Limited (RIL, CARE rated AAA; stable/CARE A1+).
CARE has considered combined financials of India Nets (IN), Polysil Pipes (PP) and Resin Agency LLP (RAL) along with consolidated financials of Tufropes Private Limited referred to as the Tufropes Group. All the entities in the group are closely held with significant ownership and control resting with family members of key promoters. Entities in-group are engaged in similar line of business (i.e. manufacturing of Ropes, Twines and Nets), from single key raw material resin and sells its product under single brand logo. Historically, group has demonstrated its intensity to support the group entities and intergroup transactions indicating fungibility of cash flows.
The rating strengths however are tempered by volatility associated with raw material prices, foreign exchange fluctuation risk, prevalent competition in HDPE/PP ropes and twines segment from un-organized players.
Significant withdrawal of capital from the group through partnership entities or any unanticipated large debt funded capex would remain key rating sensitivities.

Rating Sensitivities (Tufropes Group)
Positive Factors
- Increase in the scale of operations with sustainable combined PBILDT margin in the range of 20-21%

Negative Factors
- Higher than anticipated capital withdrawal leading/debt funded capex leading to deterioration in overall gearing to 0.50x

Detailed description of the key rating drivers
Key Rating Strengths
Long standing experience of promoters with polymer value chain
Tufropes Group is jointly promoted by the Goel family and the Jain family. The group is led by an experienced management, having an experience of more than two decades with significant understanding and knowledge of the industry enabling them to set-up and operate various products including polypropylene-film ropes, HDPE twisted twine, polyester ropes, shade nets, fishing nets, HDPE pipes, etc. which are consumed by industries including construction, fishing (including aqua culture, irrigation, etc.

Established track record of operations with diversified product applications
Tufropes Group has been associated with cordage application industry since last two decade. Over the years, it has established itself as one of the leading Original Equipment Manufacturer for ropes and twines and nets. The products manufactured are sold across 85 countries across the globe to diverse industries like Shipping & Marine, Aquaculture, agriculture and safety instruments.

Export backed growth in total operating income with robust operating profit margin
During FY19, Tufropes Group's income remained flat. TPL's production and turnover declined marginally, however, the same was offset by improving realisations. The improvement in realisations was on account of higher exports during the year. The group reported improved sales volume on back of consistent export demand from geographies likes USA, UK, Australia, Africa, Ghana, etc.

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

Export demand also remained elevated due to depreciation in value of Indian Rupee making Indian products competitive in global market.
Despite volatility in its key raw material cost (during FY19), the Group's margins remained robust at 19.57%. The improvement in operating profit margin was on account of benefits deriving from economies of scale with better realisation and higher exports.

Comfortable leverage with strong debt coverage indicators
The group has a robust capital structure. Overall gearing as on March 31, 2019 improved to 0.18x on account of reduction in working capital borrowings and accretion of profits to reserves. The dependence on external borrowing was limited as group generates enough cash flows to fund the maintenance capex and working capital requirements. Further, the debt coverage indicators like overall gearing, interest coverage and total debt to GCA continued to improve during FY19 and H1FY20.

Sourcing arrangement for key raw material procurement
Typically, material cost comprises of 75% of total cost of sales for any year. However, the proportion of polypropylene granules form a majority of the raw material cost of the company accounting for nearly 90% of total material cost. Reliance Industries Limited (RIL) is the largest supplier of resin in domestic market. The promoter group has entered into an agreement with RIL for the raw material sourcing requirement of all its group companies, including TPL.

Key Rating Weaknesses
Volatile raw material prices and exposure to foreign exchange fluctuation
HDPE/PP granules being petro-chemical based products; its prices are linked to the international crude prices and hence subject to volatility. TPL purchases this key material from RIL at market-linked rates, exposing it to fluctuations in the raw material prices. However, due to a strong presence in the domestic and international markets, the company attempts to pass on a substantial portion of the increase in the price of raw materials to its customers. The company does not have any hedging policy, thus is exposed to foreign exchange fluctuations.

High competition from un-organized players in HDPE/PP ropes segment
Domestic cordage industry is largely dominated by players operating in the unorganised sector, posing stiff competition to the organized players in the market. However, group was able to maintain its presence in the global markets with exports of superior quality products. The company is also one of the leading players in the fish/shade nets with the newly commissioned facility in Gujarat. The shade nets are generally used for applications such as livestock housing, poultry buildings, greenhouses, hoop structures, barns, kennels, canopies, and more.

Risk associated with partnership firms
IN being a partnership entity, the risks associated with withdrawal of partners' capital exist. The entity is exposed to inherent risk of partners' capital being withdrawn at time of personal contingencies as also it has limited ability to raise capital and may result in dissolution of entity. Due to the partnership constitution, it has restricted access to external borrowing where net worth as well as credit worthiness of partners is the key factors affecting credit decision of lenders.

Industry Outlook
During April-October 2018, plastics export from India stood at USD 3.47bn as against USD 8.9bn during FY18. During April-October 2018, top three importers of Indian plastic products were China (USD 553.42mn), US (USD 234.76mn) and Italy (USD 188.31mn).
The Indian plastics industry produces and exports a wide range of raw materials, plastic-moulded extruded goods, polyester films, moulded / soft luggage items, writing instruments, plastic woven sacks and bags, polyvinyl chloride (PVC), leather cloth and sheeting, packaging, consumer goods, sanitary fittings, electrical accessories, laboratory/medical surgical ware, tarpaulins, laminates, fishnets, travel ware, and others.
Among the industry's major strengths is the availability of raw materials in the country. Thus, plastic processors do not have to depend on imports. These raw materials, including polypropylene, high-density polyethylene, low-density polyethylene and PVC, are manufactured domestically.

Liquidity Analysis: Strong
As on Sep 30, 2019, PP has strong liquidity in the form of cash and cash equivalents to the tune of Rs. 1.04 crore, low utilised working capital limits (average utilisation for trailing 12 months Sep-19 stands at 2%) and expected cash accrual of Rs. 5.19 crore in FY20 as against scheduled debt repayment aggregating to Rs. 1.94 crore. The Tufropes group also has investments in quoted mutual funds of Rs. 59.62 crore (as on Sep 30, 2019).

Analytical Approach
For arriving at ratings, CARE has combined the business and financial risk profile of Tufropes Private Limited and its group companies namely India Nets, Polysil Pipes, and Resin Agency LLP. Combined approach was adopted as all the entities in the group are closely held with significant ownership and control resting with family members of key promoters. Entities in group are engaged in similar line of business and historically, group has demonstrated its intensity to support the group entities resulting in fungibility of cash flows.

Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Manufacturing Companies
Financial ratios – Non-Financial Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings

About the Company
Polysil Pipes (PP) is involved in manufacturing of Polyvinyl chloride (PVC) and High-Density Polyethylene (HDPE) pipes. The firm has manufacturing facilities located in Silvassa with a production capacity of around 42,000 tonnes per annum of PVC pipes. However, the installed capacity varies with change in size, mould change, pressure requirements (since the pipes are used mainly for water transportation purposes) and sales order of higher dimensions.
PP caters to both domestic and international markets. In the domestic market, the firm supplies PVC pipes to the large industrial clients as well as various Government bodies. The pipes are used for varied applications in the field of agriculture and irrigation, etc. Polysil sells its products through dealers with sales concentrated in the Western region of India (including Maharashtra, Madhya Pradesh, Rajasthan and Gujarat).

Brief Financials – Tufropes Group Combined (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	820	833
PBILDT	159	163
PAT	84	89
Overall gearing (times)	0.25	0.18
Interest coverage (times)	17.60	23.89

A: Audited

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
Fund-based/Non-fund-based-LT/ST	-	-	-	29.50	CARE A+; Stable / CARE A1
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	0.50	CARE A+; Stable / CARE A1

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based/Non-fund-based-LT/ST	LT/ST	23.00	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (26-Feb-19)	1)CARE A; Stable / CARE A2+ (06-Nov-17) 2)CARE A; Stable / CARE A2+ (03-May-17)	-
2.	Fund-based/Non-fund-based-LT/ST	LT/ST	6.50	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (26-Feb-19)	1)CARE A; Stable / CARE A2+ (06-Nov-17) 2)CARE A; Stable / CARE A2+ (03-May-17)	-
3.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	0.50	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (26-Feb-19)	1)CARE A; Stable / CARE A2+ (06-Nov-17) 2)CARE A; Stable / CARE A2+ (03-May-17)	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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India Nets
January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[16]	Rating Action
Long Term – Term Loan	17.38	**CARE A+; Stable (Single A Plus; Outlook: Stable)**	**Reaffirmed**
LT/ST – Fund based/Non-Fund Based Limits	30.00	**CARE A+; Stable/CARE A1 (Single A Plus; Outlook: Stable/A One)**	**Reaffirmed**
Total	**47.38 (Rs. Forty seven crore and thirty eight lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
The rating assigned to the bank facilities of India Nets (IN) continue to factor in well-established track record and experience of promoters in cordage industry and its diversified product offerings, sustained robust operating margins and comfortable debt coverage indicators. Ratings also continue to factor in the arrangement for procurement of key raw material with Reliance Industries Limited (RIL, CARE rated AAA; stable/CARE A1+).
CARE has considered combined financials of India Nets (IN), Polysil Pipes (PP) and Resin Agency LLP (RAL) along with consolidated financials of Tufropes Private Limited referred to as the Tufropes Group. All the entities in the group are closely held with significant ownership and control resting with family members of key promoters. Entities in-group are engaged in similar line of business (i.e. manufacturing of Ropes, Twines and Nets), from single key raw material resin and sells its product under single brand logo. Historically, group has demonstrated its intensity to support the group entities and intergroup transactions indicating fungibility of cash flows.
The rating strengths however are tempered by volatility associated with raw material prices, foreign exchange fluctuation risk, prevalent competition in HDPE/PP ropes and twines segment from un-organized players.
Significant withdrawal of capital from the group through partnership entities or any unanticipated large debt funded capex would remain key rating sensitivities.

Rating Sensitivities (Tufropes Group)
Positive Factors
- Increase in the scale of operations with sustainable combined PBILDT margin in the range of 20-21%

Negative Factors
- Higher than anticipated capital withdrawal leading/debt funded capex leading to deterioration in overall gearing to 0.50x

Detailed description of the key rating drivers
Key Rating Strengths
Long standing experience of promoters with polymer value chain
Tufropes Group is jointly promoted by the Goel family and the Jain family. The group is led by an experienced management, having an experience of more than two decades with significant understanding and knowledge of the industry enabling them to set-up and operate various products including polypropylene-film ropes, HDPE twisted twine, polyester ropes, shade nets, fishing nets, HDPE pipes, etc. which are consumed by industries including construction, fishing (including aqua culture, irrigation, etc.

Established track record of operations with diversified product applications
Tufropes Group has been associated with cordage application industry since last two decade. Over the years, it has established itself as one of the leading Original Equipment Manufacturer for ropes and twines and nets. The products manufactured are sold across 85 countries across the globe to diverse industries like Shipping & Marine, Aquaculture, agriculture and safety instruments.

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

Export backed growth in total operating income with robust operating profit margin

During FY19, Tufropes Group's income remained flat. TPL's production and turnover declined marginally, however, the same was offset by improving realisations. The improvement in realisations was on account of higher exports during the year. The group reported improved sales volume on back of consistent export demand from geographies likes USA, UK, Australia, Africa, Ghana, etc. Export demand also remained elevated due to depreciation in value of Indian Rupee making Indian products competitive in global market.

Despite volatility in its key raw material cost (during FY19), the Group's margins remained robust at 19.57%. The improvement in operating profit margin was on account of benefits deriving from economies of scale with better realisation and higher exports.

Comfortable leverage with strong debt coverage indicators

The group has a robust capital structure. Overall gearing as on March 31, 2019 improved to 0.18x on account of reduction in working capital borrowings and accretion of profits to reserves. The dependence on external borrowing was limited as group generates enough cash flows to fund the maintenance capex and working capital requirements. Further, the debt coverage indicators like overall gearing, interest coverage and total debt to GCA continued to improve during FY19 and H1FY20.

Sourcing arrangement for key raw material procurement

Typically, material cost comprises of 75% of total cost of sales for any year. However, the proportion of polypropylene granules form a majority of the raw material cost of the company accounting for nearly 90% of total material cost. Reliance Industries Limited (RIL) is the largest supplier of resin in domestic market. The promoter group has entered into an agreement with RIL for the raw material sourcing requirement of all its group companies, including TPL.

Key Rating Weaknesses

Volatile raw material prices and exposure to foreign exchange fluctuation

HDPE/PP granules being petro-chemical based products; its prices are linked to the international crude prices and hence subject to volatility. TPL purchases this key material from RIL at market-linked rates, exposing it to fluctuations in the raw material prices. However, due to a strong presence in the domestic and international markets, the company attempts to pass on a substantial portion of the increase in the price of raw materials to its customers. The company does not have any hedging policy, thus is exposed to foreign exchange fluctuations.

High competition from un-organized players in HDPE/PP ropes segment

Domestic cordage industry is largely dominated by players operating in the unorganised sector, posing stiff competition to the organized players in the market. However, group was able to maintain its presence in the global markets with exports of superior quality products. The company is also one of the leading players in the fish/shade nets with the newly commissioned facility in Gujarat. The shade nets are generally used for applications such as livestock housing, poultry buildings, greenhouses, hoop structures, barns, kennels, canopies, and more.

Risk associated with partnership firms

IN being a partnership entity, the risks associated with withdrawal of partners' capital exist. The entity is exposed to inherent risk of partners' capital being withdrawn at time of personal contingencies as also it has limited ability to raise capital and may result in dissolution of entity. Due to the partnership constitution, it has restricted access to external borrowing where net worth as well as credit worthiness of partners is the key factors affecting credit decision of lenders.

Industry Outlook

During April-October 2018, plastics export from India stood at USD 3.47bn as against USD 8.9bn during FY18. During April-October 2018, top three importers of Indian plastic products were China (USD 553.42mn), US (USD 234.76mn) and Italy (USD 188.31mn).

The Indian plastics industry produces and exports a wide range of raw materials, plastic-moulded extruded goods, polyester films, moulded / soft luggage items, writing instruments, plastic woven sacks and bags, polyvinyl chloride (PVC), leather cloth and sheeting, packaging, consumer goods, sanitary fittings, electrical accessories, laboratory/medical surgical ware, tarpaulins, laminates, fishnets, travel ware, and others.

Among the industry's major strengths is the availability of raw materials in the country. Thus, plastic processors do not have to depend on imports. These raw materials, including polypropylene, high-density polyethylene, low-density polyethylene and PVC, are manufactured domestically.

Liquidity Analysis: Strong
As on Sep 30, 2019, IN has strong liquidity in the form of cash and cash equivalents to the tune of Rs. 2.67 crore, low utilised working capital limits (average utilisation for trailing 12 months Sep-19 stands at 10%) and expected cash accrual of Rs. 59.23 crore in FY20 as against scheduled debt repayment aggregating to Rs. 4.32 crore. The Tufropes group also has investments in quoted mutual funds of Rs. 59.62 crore (as on Sep 30, 2019).

Analytical Approach
For arriving at ratings, CARE has combined the business and financial risk profile of Tufropes Private Limited and its group companies namely India Nets, Polysil Pipes, and Resin Agency LLP. Combined approach was adopted as all the entities in the group are closely held with significant ownership and control resting with family members of key promoters. Entities in group are engaged in similar line of business and historically, group has demonstrated its intensity to support the group entities resulting in fungibility of cash flows.

Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Manufacturing Companies
Financial ratios – Non-Financial Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings

About the Company
India Nets, formed as a partnership firm in 2006, is engaged in the manufacturing of ropes, twines and nettings with an installed capacity of 24,280 tonnes per year. These products are primarily used in the shipping and fishing industry. During FY19, the company generated 94% of its total income through exports. The manufacturing facilities of IN are located in Pithampur Special Economic Zone (SEZ) in Pithampur, Madhya Pradesh.

Brief Financials – Tufropes Group Combined (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	820	833
PBILDT	159	163
PAT	84	89
Overall gearing (times)	0.25	0.18
Interest coverage (times)	17.60	23.89

A: Audited

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
Fund-based - LT-Term Loan	-	-	Sep 2024	17.38	CARE A+; Stable
Fund-based - LT/ ST-CC/Packing Credit	-	-	-	30.00	CARE A+; Stable / CARE A1

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Term Loan-Long Term	LT	-	-	-	-	1)Withdrawn (15-Mar-18) 2)CARE A+ (SO); Stable (04-May-17)	1)CARE A+ (SO) (11-Apr-16)
2.	Non-fund-based-Short Term	ST	-	-	-	-	1)Withdrawn (15-Mar-18) 2)CARE A1 (SO) (04-May-17)	1)CARE A1 (SO) (11-Apr-16)
3.	Fund-based-LT/ST	LT/ST	-	-	-	-	1)Withdrawn (15-Mar-18) 2)CARE A+ (SO); Stable / CARE A1 (SO) (04-May-17)	1)CARE A+ (SO) / CARE A1 (SO) (11-Apr-16)
4.	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	5.00	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable (26-Feb-19)	1)CARE A; Stable (15-Mar-18)	-
5.	Fund-based - LT-Term Loan	LT	17.38	CARE A+; Stable	-	1)CARE A+; Stable (26-Feb-19)	1)CARE A; Stable (15-Mar-18)	-
6.	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	25.00	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (26-Feb-19)	1)CARE A; Stable / CARE A2+ (15-Mar-18)	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Tufropes Private Limited
January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[17]	Rating Action
LT/ST – Fund based/Non-Fund Based Limits	50.00	**CARE AA-; Stable/CARE A1+ (Double A Minus; Outlook: Stable/ A One Plus)**	**Reaffirmed**
Total	**50.00 (Rs. Fifty crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Tufropes Private Limited (TPL) continue to factor in well-established track record and experience of promoters in cordage industry and its diversified product offerings, sustained robust operating margins and comfortable debt coverage indicators. Ratings also continue to factor in the arrangement for procurement of key raw material with Reliance Industries Limited (RIL, CARE rated AAA; stable/CARE A1+).

CARE has considered combined financials of India Nets (IN), Polysil Pipes (PP) and Resin Agency LLP (RAL) along with consolidated financials of TPL referred to as the Tufropes Group. All the entities in the group are closely held with significant ownership and control resting with family members of key promoters. Entities in-group are engaged in similar line of business (i.e. manufacturing of Ropes, Twines and Nets), from single key raw material resin and sells its product under single brand logo. Historically, group has demonstrated its intensity to support the group entities and intergroup transactions indicating fungibility of cash flows.

The rating strengths however are tempered by volatility associated with raw material prices, foreign exchange fluctuation risk, prevalent competition in HDPE/PP ropes and twines segment from un-organized players.

Significant withdrawal of capital from the group through partnership entities or any unanticipated large debt funded capex would remain key rating sensitivities.

Rating Sensitivities (Tufropes Group)

Positive Factors

- Increase in the scale of operations with sustainable combined PBILDT margin in the range of 20-21%

Negative Factors

- Higher than anticipated capital withdrawal leading/debt funded capex leading to deterioration in overall gearing to 0.50x

Detailed description of the key rating drivers

Key Rating Strengths

Long standing experience of promoters with polymer value chain

Tufropes Group is jointly promoted by the Goel family and the Jain family. The group is led by an experienced management, having an experience of more than two decades with significant understanding and knowledge of the industry enabling them to set-up and operate various products including polypropylene-film ropes, HDPE twisted twine, polyester ropes, shade nets, fishing nets, HDPE pipes, etc. which are consumed by industries including construction, fishing (including aqua culture, irrigation, etc.

Established track record of operations with diversified product applications

Tufropes Group has been associated with cordage application industry since last two decade. Over the years, it has established itself as one of the leading Original Equipment Manufacturer for ropes and twines and nets. The products manufactured are sold across 85 countries across the globe to diverse industries like Shipping & Marine, Aquaculture, agriculture and safety instruments.

Export backed growth in total operating income with robust operating profit margin

During FY19, Tufropes Group's income remained flat. TPL's production and turnover declined marginally, however, the same was offset by improving realisations. The improvement in realisations was on account of higher exports during the year. The group reported improved sales volume on back of consistent export demand from geographies likes USA, UK, Australia, Africa, Ghana, etc.

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

Export demand also remained elevated due to depreciation in value of Indian Rupee making Indian products competitive in global market.
Despite volatility in its key raw material cost (during FY19), the Group's margins remained robust at 19.57%. The improvement in operating profit margin was on account of benefits deriving from economies of scale with better realisation and higher exports.

Comfortable leverage with strong debt coverage indicators
The group has a robust capital structure. Overall gearing as on March 31, 2019 improved to 0.18x on account of reduction in working capital borrowings and accretion of profits to reserves. The dependence on external borrowing was limited as group generates enough cash flows to fund the maintenance capex and working capital requirements. Further, the debt coverage indicators like overall gearing, interest coverage and total debt to GCA continued to improve during FY19 and H1FY20.

Sourcing arrangement for key raw material procurement
Typically, material cost comprises of 75% of total cost of sales for any year. However, the proportion of polypropylene granules form a majority of the raw material cost of the company accounting for nearly 90% of total material cost. Reliance Industries Limited (RIL) is the largest supplier of resin in domestic market. The promoter group has entered into an agreement with RIL for the raw material sourcing requirement of all its group companies, including TPL.

Key Rating Weaknesses
Volatile raw material prices and exposure to foreign exchange fluctuation
HDPE/PP granules being petro-chemical based products; its prices are linked to the international crude prices and hence subject to volatility. TPL purchases this key material from RIL at market-linked rates, exposing it to fluctuations in the raw material prices. However, due to a strong presence in the domestic and international markets, the company attempts to pass on a substantial portion of the increase in the price of raw materials to its customers. The company does not have any hedging policy, thus is exposed to foreign exchange fluctuations.

High competition from un-organized players in HDPE/PP ropes segment
Domestic cordage industry is largely dominated by players operating in the unorganised sector, posing stiff competition to the organized players in the market. However, group was able to maintain its presence in the global markets with exports of superior quality products. The company is also one of the leading players in the fish/shade nets with the newly commissioned facility in Gujarat. The shade nets are generally used for applications such as livestock housing, poultry buildings, greenhouses, hoop structures, barns, kennels, canopies, and more.

Industry Outlook
During April-October 2018, plastics export from India stood at USD 3.47bn as against USD 8.9bn during FY18. During April-October 2018, top three importers of Indian plastic products were China (USD 553.42mn), US (USD 234.76mn) and Italy (USD 188.31mn).
The Indian plastics industry produces and exports a wide range of raw materials, plastic-moulded extruded goods, polyester films, moulded / soft luggage items, writing instruments, plastic woven sacks and bags, polyvinyl chloride (PVC), leather cloth and sheeting, packaging, consumer goods, sanitary fittings, electrical accessories, laboratory/medical surgical ware, tarpaulins, laminates, fishnets, travel ware, and others.
Among the industry's major strengths is the availability of raw materials in the country. Thus, plastic processors do not have to depend on imports. These raw materials, including polypropylene, high-density polyethylene, low-density polyethylene and PVC, are manufactured domestically.

Liquidity Analysis: Strong
As on Sep 30, 2019, TPL has strong liquidity in the form of cash and cash equivalents to the tune of Rs. 1.11 crore, investments in quoted mutual funds of Rs. 59.62 crore, low utilised working capital limits (average utilisation for trailing 12 months Sep-19 stands at 7%) and expected cash accrual of Rs. 66.45 crore in FY20 as against scheduled debt repayment aggregating to Rs. 10.81 crore.

Analytical Approach
For arriving at ratings, CARE has combined the business and financial risk profile of Tufropes Private Limited and its group companies namely India Nets, Polysil Pipes, and Resin Agency LLP. Combined approach was adopted as all the entities in the group are closely held with significant ownership and control resting with family members of key promoters. Entities in group are engaged in similar line of business and historically, group has demonstrated its intensity to support the group entities resulting in fungibility of cash flows.

Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Manufacturing Companies
Financial ratios – Non-Financial Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings

About the Company
Established in 1992, Tufropes Private Limited (TPL) is a flagship company of Tufropes Group. It is engaged in the manufacturing of high quality synthetic ropes such as polypropylene-film ropes, HDPE twisted twine, polyester ropes, nets etc. The products manufactured find application in industries like Marine and Shipping, Fishing & Aquaculture, Agriculture, Industrial safety (nets), and sports (nets). The key raw materials consumed in the manufacturing process of ropes are polypropylene, polyethylene, nylon and polyester; polypropylene accounting for the largest share. TPL is jointly owned by the Jain family (of Jai Corp) and Goel family (related to the Jain family).
TPL operates three domestic manufacturing units and one international manufacturing unit located in Vietnam.

Brief Financials – Tufropes Group Combined (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	820	833
PBILDT	159	163
PAT	84	89
Overall gearing (times)	0.25	0.18
Interest coverage (times)	17.60	23.89

A: Audited

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
Fund-based/Non-fund-based-LT/ST	-	-	-	50.00	CARE AA-; Stable / CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based/Non-fund-based-LT/ST	LT/ST	50.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (26-Feb-19)	1)CARE A+; Stable / CARE A1+ (06-Nov-17) 2)CARE A+; Stable / CARE A1+ (03-May-17)	-
2.	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (26-Feb-19)	1)CARE A+; Stable (06-Nov-17) 2)CARE A+; Stable (03-May-17)	-

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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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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Greenko Energies Private Limited
January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[18]	Rating Action
Long term Bank Facilities	4711.30 (reduced from 5590.80)	**CARE A+; (Single A Plus; [Under credit watch with negative implications])**	Placed on credit watch with negative implications
Long-term/Short-term Bank Facilities	100.00	**CARE A+; /CARE A1+ (Single A Plus; /A One Plus [Under credit watch with negative implications])**	Placed on credit watch with negative implications
Total	4811.30 **(Rupees Four Thousand Eight Hundred & Eleven Crore and Thirty Lakh Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE has placed the ratings of Greenko Energies Private Ltd on **'Credit watch with negative implications'**. The rating watch follows the pending outcome from High Level Negotiation committee (HLNC) formed by GoAP, for reviewing the high priced wind and solar power purchase agreements and to negotiate with those who are selling wind and solar energy to AP distribution companies (DISCOMS), to bring down the prices and to make suitable recommendations. Further, uncertainty in the envisaged large debt funded capex undertaken for implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project) coupled with pending tie-up of offtake agreement.

The reaffirmation of ratings assigned to the bank facilities and long term instruments of Greenko Energies Private Limited (GEPL) factors in strong parentage at its ultimate holding company level with majority of stake being held by Cambourne Investment Pte. Limited (an affiliate of Government of Singapore Investment Corporation), experience of the founders, established track record of the group in owning and operating diversified portfolio of renewable energy assets, experience in executing large scale renewable energy projects, availability of the long-term off-take arrangement for most of the operating projects providing long term revenue visibility, infusion of equity and unsecured loans by the promoters, Strong ability of the group to access international debt market and stable outlook for the renewable power sector.
The ratings also factor in, acquisition of Skeiron Green Power Private Limited (Skeiron) assets leading to increase in overall capacity; increase in total operating income in FY19 (refers to the period April 01 to March 31) and Strong liquidity position.
However the ratings are constrained by uncertainty in implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project), significant net loss incurred in FY19, counterparty credit risk, refinancing risk, leveraged capital structure, exposure in group companies, stretched operating cycle led by high collection period and dependence on climatic condition.
Rating Sensitivities
Positive Factors

- Reinstatement of the PPA on the existing terms by APDISCOM along with improvement in collection cycle to be within 3 to 4 months, on a sustainable basis.
- Overall gearing improves to 2.33x (GEPL Consolidated)

Negative Factors

- Any adverse outcome on PPA renegotiation taken up by the Andhra Pradesh Government and any large debt funded capex
- Withdrawal of support for cash shortfall at Greenko Group level
- Deterioration of overall gearing beyond 4x (GEPL Consolidated)

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

Detailed description of the key rating drivers
Key Rating Strengths
Strong parentage at its ultimate holding company level: GEPL is a wholly owned subsidiary of Greenko Mauritius, which in turn, is a wholly owned subsidiary of Greenko Energy Holdings (GEH). GEH is held by Cambourne Investment Pte Ltd, an 100% investment arm of GIC, the Sovereign Wealth Fund of Singapore (62%), Abu Dhabi Investment Authority (16%) and founders through GVL (Mauritius) Limited (22%).
Strong and experienced founders: Greenko Group was co-founded by Mr Anil Chalamalasetty and Mr Mahesh Kolli in 2006, with the objective of owning and operating clean energy facilities. The group owns and operates renewable energy plants in India through GEPL.

Established track record of sponsors in owning & operating renewable energy assets: The Greenko group has a diversified portfolio of renewable energy assets spread across biomass, hydro-electric, wind, solar and Low Sulphur Heavy Stock (LSHS) based power plants. As on November 30, 2019, GEPL at a consolidated level had cumulative installed capacity (operating projects) of 1.97 GW and the group's cumulatively installed capacity (operating projects) of hydro, wind, solar and biomass projects stood at 4.23 GW.

Experience of executing large scale projects: The Greenko group over a last one decade had garnered strong capabilities and gained rich experience in executing relatively large scale renewable energy projects.

Strong ability of the group to access international debt market albeit refinancing risk: The Greenko group over the past few years has demonstrated strong ability to access international debt market and derive economic benefits thereof. Although, the group has been able to demonstrate strong ability to access international / domestic debt markets and refinance its debt exposure, significant refinancing risk prevails at group level considering high bullet repayments commencing from FY24 & FY25.

Long-term revenue visibility for operational capacity: Majority of the operational capacity is tied up under long-term PPAs ranging between 10 and 25 years, at fixed tariffs, which provides long-term revenue visibility.

Acquisition of Skeiron's and orange group wind and solar assets leading to increase in overall capacity: Greenko group had acquired Orange's wind and solar portfolio aggregating to 907.20 MW and Skeiron's operational wind portfolio aggregating to 384.30 MW. As a result of acquisition, overall operating capacity of Greenko Group increased to 4.23 GW as on November 30, 2019.

Infusion of funds: There has been continuous infusion of funds by the promoters through GEH/Greenko Mauritius, the holding company of GEPL. At the Group level, the two sovereign funds have committed fund infusion of USD 2.2 Billion (which includes ~USD 500 Mn for IREP Project) for the expansion at both organic and inorganic. During FY19, the promoters have infused Rs.152.56 crore in GEPL consolidated level to fund the ongoing capex and to support the operations. Further the promoters have infused Rs.133.29 crore in the form of unsecured loans at individual SPV level to support the operations.

Growth in total operating income and PBILDT margin: Total operating income of the company grew by about 24% in FY19 vis-à-vis FY18 on account of acquisition/operationalization/commercialization of projects leading to improvement in installed capacity and increase in power generation. The major cost driver with respect to operational projects is O&M costs which are generally fixed vis-à-vis increasing revenue upon stabilisation which has resulted in improvement in PBILDT margin of the company by 149 bps bps to 81.67% in FY19.

Strong liquidity position As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Key Rating Weaknesses
Implementation of Pumped Storage Project and Central Evacuation Infrastructure (part of Integrated Renewable Energy Project (IREP)): IREP consists of four components namely; Standalone Pumped Storage Project (PSP), Wind Project, Solar Project and Central Evacuation Infrastructure (CEI). GEPL is implementing PSP of 1200 MW (4 units of 240 MW each and 2 units of 120 MW each) storage capacity and CEI components. The project is approved by Government of Andhra Pradesh (GoAP) and as per Government Order dated July 19, 2018, GoAP has approved establishment of the project along with allocation of 1 TMC of water on a non-consumptive basis and allocation of land required for construction of the project. Power generated from IREP project will be evacuated through Power

Grid Corporation of India Limited's (PGCIL) network. The company has Stage I clearance from PGCIL in place. Currently, the project being in nascent stage, achieving commercial operations within the envisaged time lines couple with tie-up of offtake and estimated cost will be critical from credit risk perspective.

Equity commitment by promoters: Total project envisaged for the IREP project undertaken is Rs.6730.40 crore which is proposed to be funded by equity of Rs.2019.10 crore and debt of Rs.4711.30 crore. The Board of Greenko has approved the project and has committed to meet the equity requirement towards the project by way of board resolution. Further, the company has achieved financial closure for the total debt requirement and has drawn part disbursement towards R&R costs, thereby mitigating the funding risk to implement the project.

Net loss incurred during FY19: During FY19, increase in total debt availed to fund the projects undertaken resulted in increase in interest expense significantly and increase in depreciation cost at the back of increased asset base, resulted in the company incurring net loss of Rs.277.53 crore in FY19 as against net loss of Rs.253.66 crore. However, the company registered cash profit of Rs.405.26 crore in FY19 as against Rs.259.45 crore in FY18.

Leveraged capital structure: With increase in total debt to fund the capex of various new projects and refinancing of outstanding debt, overall gearing of the company (on consolidated basis) deteriorated to 3.31x as on March 31, 2019 as compared to 3.18x as on March 31, 2018. However the debt coverage indicator i.e. total debt to GCA has improved marginally from 40.10x in FY18 to 36.11x in FY19 due to increase in the gross cash accruals.

Stretched operating cycle albeit improved: Operating cycle of the company continues to remain stretched though improved to 120 days in FY19 from 162 days in FY18. As most of the projects have Power Purchase Agreements (PPAs) with state electricity boards where the collection periods are generally elongated. The collection period has increased from 159 days in FY18 to 167 days in FY19 at the back of delay in realization of debtors primarily from Telangana and AP Discoms, which are outstanding for 270+days for Telangana Discoms and 330+ days for AP Discoms.

Exposure in group companies: GEPL had extended corporate guarantees to its group companies (i.e excluding subsidiaries) aggregating to Rs.4,987 crore as on November 30, 2019 (as against Rs.5,611 crore as on September 30, 2018). Around 10 operating Solar Power Projects of aggregate capacity of 500 MW, where in total corporate guarantee extended by GEPL is Rs 3000 crore (of the total CG of Rs 4,987 crore) have PPA with NTPC Ltd (rated CARE AAA; Stable/CARE A1+), thereby significantly lowers the counterparty credit risk.

Counter party credit risks: The group is exposed to credit risk related to timely realization of dues from state owned DISCOM's with weak financial risk profile; however, to an extent risk is mitigated due to its geographically diversified assets portfolio spread across various states/DISCOM's in India. At Greenko Group level, the offtaker mix is also diversified across state utilities (11 account for 73%) direct industrial and commercial customers 10% and sovereign owned entities 16%. The diversification provide support for generation spread throughout the year and most stable cash flows. The group also has an element of concentration in its customer mix with its top 4 customers state utilities in AP, Karnataka, Telangana and Tamil Nadu accounting 51% of offtake by capacity. Delay in receipt from state utilities would exert working capital pressure.

Dependence on seasonal wind patterns for power generation: Wind projects are exposed to inherent risk of weather fluctuations leading to variations in the wind patterns which affect the PLF. The company has also forayed in the solar power segment. Achievement of desired solar power generation would be subject to change in climatic conditions, amount of degradation of modules as well as technological risks.

Liquidity: Strong

As on March 31, 2019, GEPL at consolidated level continues to have cash and bank balances of Rs.827.70 crore as compared to Rs.517.88 crore as on March 31, 2018. Liquidity position of the company continues to remain comfortable. At overall group level, GEH had cash and bank balances of ~USD 365 mn (over INR 2500 cr.) & USD 321 mn (over 2200 cr.) respectively as on Mar 31, 2019 and Sep 30, 2019.

Analytical approach:

Consolidated financials of GEPL and parent linkage of Greenko Energy Holdings (GEH). CARE has analyzed Greenko Energies Private Limited's credit profile by considering the consolidated financial statements (comprising GEPL and its subsidiaries operating under

Wind, Hydro and Biomass energy segment) owing to financial and operational linkages between the parent and subsidiaries. CARE has also considered strength of GEH owing to its financials linkages with GIC and ADIA.

Applicable Criteria
Criteria on assigning 'Outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Rating Methodology: Private Power Producers
Rating Methodology – Solar Power Projects
Rating Methodology – Wind Power Projects
Financial Ratios - Non-Financial Sector

About the Company
Incorporated in July 2000, Greenko Energies Private Limited (GEPL) is wholly owned subsidiary of Greenko Mauritius Ltd (Greenko Mauritius), which is in turn is a subsidiary of Greenko Energy Holdings **(GEH; rated S&P B+; Stable, Moody's Ba1; Stable and Fitch BB-; Stable**, the ultimate holding company of Greenko Group. The major shareholding in GEH is held by Cambourne Investment Pte Ltd, an affiliate of Government of Singapore Investment Corporation (GIC, **rated Moody's Aaa**), which is holding 62.33% in GEH along with Abu Dhabi Investment Authority (holding 15.64%) and balance 22.03% held by the founders through GVL (Mauritius) Limited (rated CARE MAU BBB+; Stable). Greenko group owns and operates renewable energy plants in India either through Hold.Co companies or through GEPL and its subsidiaries. As on November 30, 2019, **GEPL at consolidated leve**l has a totalled installed **operational capacity of 1.97 GW** of renewable energy assets and another **0.14 GW projects under implementation.**
Greenko group has a **total installed operational capacity of 4.23 GW** as on November 30, 2019 (as against 3.89 GW as on November 30, 2018). Another 4 projects (3 solar and 1 Hydro) **aggregating to 0.23 GW are under implementation**.

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	1626.36	2019.45
PBILDT	1303.94	1649.33
PAT	-253.66	-277.53
Overall gearing (times)	3.18	3.31
Interest coverage (times)	1.28	1.38

A: Audited

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	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	-	100.00	CARE A+ / CARE A1+ (Under Credit watch with Negative Implications)
Fund-based - LT-Term Loan	-	-	-	March 2039	4711.30	CARE A+ (Under Credit watch with Negative Implications)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (05-Jan-18)	1)CARE A+ (11-Jan-17) 2)CARE A (13-Apr-16)
2.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	100.00	CARE A+ / CARE A1+ (Under Credit watch with Negative Implications)	1)CARE A+ / CARE A1+ (Under Credit watch with Developing Implications) (04-Jul-19) 2)CARE A+; Stable / CARE A1+ (04-Apr-19)	1)CARE A+; Stable / CARE A1+ (27-Dec-18) 2)CARE A+; Stable / CARE A1+ (06-Aug-18) 3)CARE A+; Stable / CARE A1+ (18-Jun-18)	1)CARE A+; Stable / CARE A1+ (05-Jan-18)	1)CARE A+; Stable / CARE A1+ (11-Jan-17)
3.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (06-Sep-19) 2)CARE A+ (Under Credit watch with Developing Implications) (04-Jul-19) 3)CARE A+; Stable (04-Apr-19)	1)CARE A+; Stable (27-Dec-18) 2)CARE A+; Stable (18-Jun-18)	-	-
4.	Fund-based - LT-Term Loan	LT	4711.30	CARE A+ (Under Credit watch with Negative Implications)	1)CARE A+ (Under Credit watch with Developing Implications) (04-Jul-19) 2)CARE A+; Stable (04-Apr-19)	1)CARE A+; Stable (27-Dec-18) 2)CARE A+; Stable (06-Aug-18)	-	-
5.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (24-Sep-19) 2)CARE A+ (Under Credit watch with Developing Implications) (04-Jul-19) 3)CARE A+; Stable (01-Jul-19)	-	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-Not Applicable

Annexure-4 List of Subsidiaries used for consolidation

S No.	Subsidiaries
1	AMR Power Private Limited
2	Anantpura Wind Energies Private Limited
3	Animala Wind Power Private Limited
4	Axis Wind Farms (MPR Dam) Private Limited
5	Belum Wind Infrastructure Private Limited
6	Devarahipparigi Wind Power Private Limited
7	Devgarh Wind Projects Private Limited
8	Dwarkamai Wind Power Private Limited
9	Ecofren Power and Projects Private Limited
10	Fortune Five Hydel Projects Private Limited
11	Gangdari Hydro Power Private Limited
12	Greenko Anubhav Hydel Power Private Limited
13	Greenko Astha Projects (India) Private Limited
14	Greenko AT Hydro Power Private Limited
15	Greenko Bagalkot Solar Private Limited
16	Greenko Bagewadi Wind Energies Private Limited
17	Greenko Budhil Hydro Power Private Limited
18	Greenko (Borampalle) Wind Projects Private Limited
19	Greenko Cimaron Constructions Private Limited
20	Greenko Energy Ventures Private Limited
21	Greenko Godavari Power Projects Private Limited
22	Greenko Hatkoti Energy Private Limited
23	Greenko Himkailash Hydro Power Private Limited
24	Greenko Infrastructure Private Limited
25	Greenko Rayala Wind Power Private Limited
26	Greenko Shimoga Solar Private Limited
27	Greenko Sri Sai Krishna Hydro Energies Private Limited
28	Greenko Sumez Hydro Energies Private Limited
29	Greenko Taluka Solar Private Limited
30	Greenko Tarela Power Private Limited
31	Greenko Tejassarnika Hydro Energies Private Limited
32	Greenko Wind Energies Private Limited
33	Greenko Wind Projects Private Limited
34	Greenko Zenith Energy Solutions Private Limited
35	Guttaseema Wind Energy Company Private Limited
36	Hemavathy Power & Light Private Limited
37	ISA Power Private Limited
38	Jasper Energy Private Limited
39	Kanhur Wind Power Private Limited
40	Kukke Hydro Projects Private Limited
41	Kumaradhra Power Private Limited
42	LVS Power Private Limited
43	Matrix Power (Wind) Private Limited
44	Mangalore Energies Private Limited
45	Penna Wind Farms Private Limited
46	Perla Hydro Power Private Limited
47	Ratnagiri Wind Power Projects Private Limited
48	Ravikiran Power Projects Private Limited
49	Rayalaseema Wind Energy Company Private Limited
50	Rithwik Energy Generation Private Limited

S No.	Subsidiaries
51	Roshni Powertech Private Limited
52	Sai Spurthi Power Private Limited
53	Sai Teja Energies Private Limited
54	Saipuram Wind Energies Private Limited
55	SEI Adhavan Power Private Limited
56	Sneha Kinetic Power Projects Private Limited
57	Sunam Power Private Limited
58	Swasti Power Private Limited
59	Tanot Wind Power ventures Private Limited
60	Technology House (India) Private Limited
61	Vayuputhra Energy Private Limited
62	Vyshali Energy Private Limited
63	Greenko Solar Connection Private Limited
64	Greenko Solar Projects Private Limited
65	Himachal Sorang Power Private Limited
66	Skeiron Green Power Private Limited
67	Skeiron Renewable Energy Private Limited
68	Skeiron Renewable Energy Amidyala Private Limited
69	Skeiron Renewable Energy Kustagi Private Limited
70	Sandla Wind Project Private Limited
71	Shanay Renewables Limited
72	Saroja Renewables Limited
73	Greenko East Coast Power Projects Private Limited

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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Abhijit Realtors & Infraventures Private Limited
January 08, 2020

Ratings

Facilities	**Amount (Rs. Crore)**	**Ratings[19]**	**Rating Action**
Long-term Bank Facilities	28.03	**CARE B+; Stable (Single B Plus; Outlook: Stable)**	**Revised from CARE B+; Stable; ISSUER NOT COOPERATING (Single B Plus; Outlook: Stable; Issuer Not Cooperating)**
Short-term Bank Facilities	5.50	**CARE A4 (A Four)**	**Revised from CARE A4; ISSUER NOT COOPERATING (A Four; Issuer Not Cooperating)**
Total facilities	**33.53 (Rupees Thirty three crore and Fifty three lakh only)**		

Details of instruments/facilities in Annexure-1

In the absence of minimum information required for the purpose of rating, CARE was unable to express an opinion on the rating of Abhijit Realtors & Infraventures Private Limited (ARIPL) and in line with the extant SEBI guidelines, CARE revised the rating of bank facilities of the company to 'CARE B+;Stable/CARE A4; ISSUER NOT COOPERATING*'. However, the company has now submitted the requisite information to CARE. CARE has carried out a full review of the rating and the rating stands at 'CARE B+; Stable/CARE A4'.

Detailed Rationale & Key rating drivers
The ratings assigned to the bank facilities of Abhijit Realtors & Infraventures Private Limited (ARIPL) continues to remain constrained on account of project execution and salability risks associated with its ongoing projects, nascent stage of execution of the project along with high dependence on customer advances and pending financial closure along with modest booking status of the ongoing project. The ratings further take into account presence of the company in highly competitive and cyclical real estate industry with a changing regulatory framework.
The ratings however, continue to derive strength from extensive experience of the promoters in real estate development, diversified revenue stream of ARIPL, strategic location of the project, receipt of all requisite approvals and clearances for Jayanti Nagari VII Phase 1 project.

Rating Sensitivities
Positive factors

- Achieving financial closure for the ongoing projects to support execution and completion of on-going projects within envisaged time and cost parameters.
- Timely inflow of customer advances and ability to sell inventory as per envisaged timeline and at desired rates
- Improvement in the liquidity position

Negative factors

- Any major cost over-run in the project
- Slower booking of units along with lower than envisaged sales realization and delayed receipts of customer advances

Detailed description of the key rating drivers
Key Rating Weaknesses
Project execution risk with high dependence on customer advances and pending financial closure: The company is currently developing a residential project Jayanti Nagari VII under two phases Phase 1 and Phase 2 with a total saleable area of 15.50 lsf. The total cost of Phase 1 of the project is Rs.230 crore and phase 2 of the project is Rs.232.41 crore proposed to be funded through promoter's fund, debt and customer advances in the ratio of 0.20:0.43:0.37 for Phase 1 of the project and 0.10:0.43:0.47 for Phase 2 of the project respectively. The company is currently in process of execution of Phase I with Phase II of the project yet to commence. Further, ARIPL has incurred only 28.20% of the project cost for Jayanti Nagari VII Phase 1 which was funded through customer

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

advances and promoters funds in the ratio of 0.57:0.43. Moreover, financial closure of the debt has not yet been achieved, which exposes the company to significant execution risk.

Low booking status: ARIPL has sold only 14.69% of the saleable area for Rs.114.14 crore and has received Rs.28.19 crore as booking advances. Further, the project is heavily dependent on customer advances and any delay in booking status will adversely impact execution of the project under envisaged timeline on the backdrop of pending financial closure.

Cyclical nature of the industry and competition from other projects in the vicinity: The entity is exposed to the cyclicality associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high interest rate scenario could discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market. The real estate industry in India is highly fragmented with most of the real estate developers having region-specific presence.

Regulatory risk and pending approvals: The company has received all the necessary clearances and approvals for the project Jayanti Nagari VII Phase 1 related to land acquisition and construction and have registered the project with MAHA-RERA(Maharashtra Real Estate Regulatory Authority). Going ahead any delay in terms of compliance with the act, may result in delay in execution of the project and subsequently affect the revenue generating ability of the company. Further, requisite approvals related to Jayanti Nagari VII Phase 2 are pending.

Key rating Strengths

Experienced promoter group in real estate development in Nagpur: ARIPL is promoted by Mr. Abhijit Joydebkumar Majumdar, Mr. Joydebkumar Majumdar, and Mrs. Inu Majumdar. The promoters have an average experience of more than two decades in real estate construction. Being in the industry for such a long period has helped the promoters gain adequate acumen about the business. The long standing experience of the promoters along with demonstrated track record of operations has helped the company in garnering good relations with key stake holders.

Strategic location of the project: The project has a strategic location being situated in one of the established localities of Nagpur at Besa, Road which is around 10-11 kilometers from the center of Nagpur city. The project is expected to cater to the residents in the upper middle class family and is a luxurious housing project with modern amenities at flats priced per unit targeting customers from the upper middle class category. In addition, the project is situated in area with easy access to basic civic amenities such as schools, hospitals, colleges, malls are situated close by and has close proximity to Nagpur Airport and NH7 which provides easy access to Ring Road and MIHAN area of Nagpur.

Diversification of revenue stream: The company has diversified its revenue stream and has set up a radio station in August 2016 managed under Radio Orange (91.9MHz) which is being aired in Akola and Bilaspur). Moreover, the company has also leased out commercial spaces to Big Bazaar and Maruti Suzuki True Value. Further, ARIPL also operates a multiplex franchisee of “K Sera Sera” with profit sharing percentage of 67%. The diversified revenue stream supports ARIPL to generate sufficient cash flows during slowdown in a sector.

Liquidity: Stretched

Liquidity of ARIPL is stretched on account of tightly matched accruals against repayment obligations. Further ARIPL is heavily dependent on external credit lines to execute the ongoing projects in envisaged timeline. Furthermore, generation of sufficient cash flows to support pending construction cost is crucial from credit perspective. The cash and bank balance of ARIPL is modest at Rs.2.27 crore as on March 31, 2019.

Analytical Approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings]

[CARE’s Policy on Default Recognition]

[Financial ratios (Non-Financial Sector)]

About the Company

Nagpur based, Abhijit Construction Company, is a proprietorship firm formed in 1995 by Mr. Abhijit Joydebkumar Majumdar, for the purpose of real estate development. However, the firm was reconstituted as Abhijit Realtors and Infraventures Private Limited (ARIPL) in September 2007, engaged into real estate development and construction of residential and commercial properties. ARIPL is promoted by three directors, viz. Mr. Abhijit Joydebkumar Majumdar, Mr. Joydebkumar, and Mrs. Inu Majumdar. The company has till date successfully completed 36 projects in Nagpur with total carpet area admeasuring approximately 14.84 lsf (lakh square feet).

Brief Financials (Rs. crore)	31-03-2018	31-03-2019
	Audited	Audited
Total operating income	28.02	17.01
PBILDT	6.20	5.78
PAT	0.83	0.25
Overall gearing (times)	1.56	1.37
Interest coverage (times)	1.94	1.56

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (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
Fund-based - LT-Term Loan	-	-	December 2033	28.03	CARE B+; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	5.50	CARE A4

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	28.03	CARE B+; Stable	1)CARE B+; Stable; ISSUER NOT COOPERATING* (21-Nov-19)	1)CARE BB-; Stable (27-Mar-19) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (03-Jan-19)	1)CARE BB-; Stable (24-Oct-17)	1)CARE BB-; Stable (17-Jan-17)
2.	Non-fund-based - ST-Bank Guarantees	ST	5.50	CARE A4	1)CARE A4; ISSUER NOT COOPERATING* (21-Nov-19)	1)CARE A4 (27-Mar-19) 2)CARE A4; ISSUER NOT COOPERATING* (03-Jan-19)	1)CARE A4 (24-Oct-17)	1)CARE A4 (17-Jan-17)
3.	Non-fund-based-Short Term	ST	-	-	-	1)Withdrawn (27-Mar-19)	-	-

*Issuer did not Cooperate; Based on best available information

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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Belij Hydro Power Private Limited

January 08, 2020

Rating

Facilities	**Amount (Rs. crore)**	**Rating[20]**	**Rating Action**
Long-term Bank Facilities	21.74	**CARE BB; ISSUER NOT COOPERATING* (Double B; ISSUER NOT COOPERATING*)**	ISSUER NOT COOPERATING; Based on best available information
Total Facilities	**21.74 (Rs. Twenty One crore and Seventy Four lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated July 24, 2018, placed the ratings of Belij Hydro Power Private Limited (BHPPL) under the 'issuer non-cooperating' category as BHPPL had failed to provide information for monitoring of the rating. BHPPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated November 06, 2019 and November 08, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The rating remains constrained by small scale of operation, seasonality in business and associated risk of volatility in the plant load factor (PLF), leveraged capital structure and elongated working capital cycle. The rating also takes into account the experience of the promoter and management team, financial and technical support from the holding company and long-term off take Power Purchase Agreement (PPA) with Himachal Pradesh State Electricity Board (HPSEB) and increase in revenue and net profit reported during FY19 (refers to period April 01 to March 31).

Detailed description of the key rating drivers

At the time of last rating in July 24, 2018, the following were the rating strengths and weaknesses (updated for the FY19 financials obtained from Registrar of Companies):

Key Rating Weaknesses

Decline in financial performance in FY17: The company reported a decline in the total operating income in FY17 to Rs.7.06 crore (FY16: Rs.7.97 crore) along with a PBILDT of Rs. 5.53 crore (FY16: Rs.5.79 crore) and a net loss of Rs. 0.54 crore (FY16: Net loss of Rs.0.43 crore). However, the performance has improved in FY19.

Leveraged capital structure: The capital structure continued to remain leveraged with overall gearing ratio at 1.58x as on March 31, 2019; although improved from 1.81x as on March 31, 2018 and 1.99x as on March 31, 2017.

Elongated working capital cycle: The company has an extended operating cycle with high reliance on working capital borrowings to finance the business requirements.

Key Rating Strengths

Experienced promoter & management team: The company is lead by Mr. Tanmay Das (Managing director) who has an experience of more than 22 years in power industry along with a well qualified management team.

Long-term off take Power Purchase Agreement (PPA) with Himachal Pradesh State Electricity Board (HPSEB): The company has Power Purchase Agreement dated November 26, 2010 with HPSEB for supply of 5 MW power for tenure of 40 years.

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

Analytical approach: Standalone

Applicable Criteria
[Policy in respect of Non-cooperation by issuer]
[CARE's Policy on Default Recognition]
[CARE's methodology – Private Power Producer]
[Financial ratios – Non-Financial Sector]

About the Company
Belij Hydro Power Private Limited (BHPPL) was initially incorporated as Belij Hydro Power Limited (BHPL) in March 07, 2001, promoted by Mr Tanmay Das and six other directors. In the year 2009, it was converted into current nomenclature i.e. Belij Hydro Power Private Limited (BHPPL). The company has an installed capacity of 5MW for hydro power generation. The hydro power plant is located at a tributary of river Ravi in district chamba of Himachal Pradesh. The hydro power project was started in 2009 and commenced commercial operations from June 2012 onwards. BHPPL is supplying electricity to Himachal Pradesh State Electricity Board (HPSEB) at Rs.2.95/unit (KWh). The company has power purchase agreement (PPA), dated November 26, 2010, with HPSEB for a period of 40 years.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	8.42	8.67
PBILDT	6.29	7.01
PAT	0.08	1.11
Overall gearing (times)	1.81	1.58
Interest coverage (times)	1.53	1.85

A: Audited

Status of non-cooperation with previous CRA: CRISIL vide its press release dated March 14, 2019 has placed the ratings of BHPPL under Issuer Non Cooperation as BHPPL did not provide the requisite information needed to conduct the rating exercise.

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 instrument/facilities is given in Annexure-3

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
Fund-based - LT-Term Loan	-	-	-	December 2020	19.99	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	-	1.75	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	19.99	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; ISSUER NOT COOPERATING* (24-Jul-18)	-	1)CARE BB+; ISSUER NOT COOPERATING* (23-Mar-17) 2)CARE BB+ (27-May-16)
2.	Fund-based - LT-Cash Credit	LT	1.75	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; ISSUER NOT COOPERATING* (24-Jul-18)	-	1)CARE BB+; ISSUER NOT COOPERATING* (23-Mar-17) 2)CARE BB+ (27-May-16)

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

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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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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Suam Overseas Private Limited
January 08, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[21]	Rating Action
Long term Bank Facilities	29.50 (29.50)	CARE BBB; Stable (Triple B; Outlook: Stable)	Reaffirmed
Short term Bank Facilities	6.50 (6.50)	CARE A3+ (A Three Plus)	Reaffirmed
Long term/Short term Bank Facilities	31.00 (31.00)	CARE BBB; Stable/CARE A3+ (Triple B; Outlook: Stable/A Three Plus)	Reaffirmed
Total Facilities	67.00 (Rs. Sixty seven crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has changed its analytical approach in the current review while arriving at the ratings of Suam Overseas Pvt. Ltd.. Now, CARE has analyzed Suam Overseas Pvt. Ltd. on a Standalone basis as against earlier combined view of the group companies namely Damodar Industries Limited and Suam Overseas Pvt. Ltd. which was considered by CARE due to similar line of business, common promoters and operational synergies.Change in analytical approach is purely on account of revised criteria adopted by CARE Ratings for rating of debt while taking a combined approach for a group of entities. As per the revised criteria, a listed entity cannot be combined with other listed/non-listed entities to arrive at the ratings for a group of entities/entity on a combined approach & hence they have to be analysed as a separate entity and not combined with other entities of the group.

The ratings assigned to bank facilities of Suam Overseas Private limited (SOPL) continues to derive strength from experience of the promoters in textile business, presence in value added yarn segment resulting in comfortable PBILDT margins, comfortable gearing levels and efficient working capital management.

The ratings of SOPL is tempered by small size of operations, susceptibility of margins to raw material price volatility ,foreign exchange fluctuation, geographical concentration risk in case of exports and fragmented and cyclical nature of industry.

Rating Sensitivities

Positive Factors

- PBILDT margins of 14.00% on consistent basis
- Increase in sales with scale of Rs.250 crore and above

Negative factors

- Reduction in PBILDT margins below 8.00%
- Increase in overall gearing beyond 2.00x on sustained basis

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters & established relations with suppliers & customers

Key Promoters Mr. Arunkumar Biyani, Mr. Ajay Biyani, Mr. Anil Biyani have more than three decades of experience in textile industry. Mr. Arun Kumar Biyani, has 41 years of experience in the Yarn and Fabric Business. He started his career in 1974 as Synthetic Fabrics manufacturer. Since then he is in the business of manufacturing of Cotton Yarns. Presently he looks after the financial matters of the Company. Mr. Ajay D. Biyani has 33 years' experience in the Textile Industry. He is presently in-charge of production and development of new products. Mr. Anil D. Biyani has 31 years of experience in the textile industry. He is presently looking after Marketing of the Company. The promoters are well assisted by a team of qualified and experienced professionals who are actively involved in various functions of the business.

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

Diversified product profile in value added segment; Scale of operations remain small
SOPL is into manufacturing and export of Polyester and Polyester Blended
Value Added Yarn in India. The company specializes in manufacturing of Linen like Yarns, Silk like Yarns, Slub Yarns, and Neps Yarn in 100 % Cotton, 100 % Polyester, Poly/ Viscose and other special blends. The company has production facilities for Synthetic Spinning, Two for One Twisting, Hollow Covering Machines. The presence in value added segment has resulted in the company reporting healthy PBILDT margin. However, the scale of operation remains small with sales of Rs.169 crore in FY19.

Efficient Working Capital Management
The company's working capital cycle continues to remain well-managed, as indicated by gross current assets of 124 days as at March 31, 2019, mainly on account of receivables of around 43 days and inventory level of 81 days. SOPL's working capital utilization also remains comfortable at 70% for 12 months ended Sep'19.

Diversified Client
With around two decade of experience the company has been able to establish relations with diversified clientele base across domestic and exports markets.

Comfortable Overall Gearing
SOPL's financial risk profile is marked by comfortable capital structure and moderate debt coverage ratios. Overall gearing ratio remained stable at 1.10x as on March 31, 2019 as against 1.25x as on March 31, 2018. The same is at 0.79x as on September 30, 2019. Interest coverage and total debt to GCA also remained moderate at 4.09x and 4.16x respectively in FY19. Going forward, the capital structure is expected to improve gradually on account of no plans for additional debt funded capex.

Key Rating Weaknesses
Raw Material Price Volatility
The major raw materials consumed are polyester. Polyester prices are volatile in nature driven by changes in crude oil prices. As a result, SOPL remains exposed to raw material movement and may have to absorb any adverse fluctuation in raw material prices.

Geographical concentration risk
SOPL exports to various countries, however, China & Bangladesh together accounts for over half of the exports, thereby exposing it to geographical concentration risk.

Cyclical & Fragmented industry
SOPL operates in a highly cyclical, fragmented and commoditized textile yarn industry marked by organised as well as unorganised players. Intense competition in the industry limits the pricing abilities of the players in the industry.

Industry outlook
The Indian textile industry, which is the second largest employer after agriculture and accounts for a significant portion of the GDP, is inherently cyclical in nature. Any adverse changes in the global economic outlook as well as demand-supply scenario in the domestic market directly impacts demand of players like SOPL. Textile industry as a whole remains vulnerable to various factors such as fluctuations in prices of crude oil, mobilization of adequate workforce and changes in government policies for overall development of the textile industry.

Liquidity: Adequate- The Company has operating cycle of 112 days in FY19. The company's working capital limits are utilized only 70% in 12 months ended Sep-19. The company has cash and bank balance of Rs.0.72 crore as on March 31st 2019. The company has repayment of Rs.10.19 crore in FY20 as against expected gross cash accruals of Rs.15.65 crore .The company does not have any major capex plans.

Analytical approach: Standalone (Approach changed from combined).
CARE took a combined view of Damodar Industries limited and Suam Overseas Pvt. Ltd. on account of similar line of business, common promoters and operational synergies. Now, CARE has changed its analytical approach to Standalone basis on account of revised criteria adopted by CARE Ratings for rating of debt while taking a combined approach for a group of entities.

Applicable Criteria
Criteria on assigning 'Outlook' and 'credit watch' to Credit Ratings

CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology- Manufacturing Companies
Financial ratios – Non-Financial Sector

About the Company
Suam Overseas Private Limited was incorporated on March 21, 2002 with the name "Spam Fashion Export Private Limited". The name was subsequently changed to "Suam Overseas Private Limited" (SOPL). SOPL is into manufacturing of Polyester and Polyester Blended Yarns.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	156.34	169.07
PBILDT	29.94	23.31
PAT	9.62	5.62
Overall gearing (times)	1.25	1.10
Interest coverage (times)	4.87	4.09

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Available

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
Fund-based - LT-Term Loan	-	-	May 2023	29.50	CARE BBB; Stable
Fund-based - LT/ ST-Working Capital Limits	-	-	-	31.00	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-BG/LC	-	-	-	6.50	CARE A3+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	29.50	CARE BBB; Stable	1)CARE BBB; Stable (13-Aug-19)	-	-	-
2.	Fund-based - LT/ ST-Working Capital Limits	LT/ST	31.00	CARE BBB; Stable / CARE A3+	1)CARE BBB; Stable / CARE A3+ (13-Aug-19)	-	-	-
3.	Non-fund-based - ST-BG/LC	ST	6.50	CARE A3+	1)CARE A3+ (13-Aug-19)	-	-	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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