



Rating Rationale

Adani Green Energy (Tamil Nadu) Ltd.

July 26th, 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 132.03 Crore of Adani Green Energy (Tamil Nadu) Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Non-Fund Based Buyer's Credit (availed from IndusInd Bank)	132.03	Long Term	BWR AA (SO) [Pronounced as BWR Double A (Structured Obligation)] Outlook - Stable
Total	Rs. 132.03 Crores (One Hundred and Thirty Two Crore and Three Lakhs Only.)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

BWR has assigned the rating to the Buyer's Credit facilities of Adani Green Energy (Tamil Nadu) Ltd (AGETNL). The Suffix 'Structured Obligation' indicates the credit enhancement derived based on the Letter of Comfort issued by Indian Renewable Energy Development Agency Ltd. (IREDA), wherein IREDA has agreed to meet the payment obligations on account of Foreign Letters of Credit/Letters of Undertaking issued by IndusInd Bank, towards import of capital goods. BWR has essentially relied on sanction letters of IREDA providing Letter of Comfort to IndusInd Bank for this Buyer's Credit, audited financials of AGETNL for FY16 and FY17, projected financials, publicly available information and other information and clarifications provided by the company.

Analytical Approach

The rating takes into account the nature of the exposure taken by the bank, expected roll-overs through the 'Letter of Undertaking mechanism' upto a maximum of 3 years permitted under regulatory guidelines, Letter of Comfort provided by IREDA [rated BWR AAA (SO) (Stable)] based on Rupee Term Loan sanctioned by them, and the assured availability of funds from such a loan to meet the bank's obligations.



BWR has also noted that the bank's current non-fund exposure is in USD carrying a LIBOR linked interest rate, and the bank has an arrangement for hedging the forex volatility.

This is a 'Structured Obligation' rating, and is distinct from the stand-alone rating of the borrower.

Rating Outlook: Stable

The project has achieved COD and is operational. The rated Buyer's Credit facility has a tenor for 365 Days and can be rolled over/reissued for a period of 3 years from the date of initial issue (for each transaction). 'Stable' Outlook indicates that BWR believes the credit risk profile to be maintained over the medium term. Any change in the risk profile of IREDA, will be a key rating sensitivity.

About Adani Green Energy (Tamil Nadu) Ltd.

Adani Green Energy (Tamil Nadu) Ltd. (AGETNL) is a company fully owned and promoted by Adani Green Energy Ltd. (AGEL). It has built, maintains and operates a 216 MW polycrystalline based solar project in Ramanathapuram, Tamil Nadu. AGETNL also owns four other projects with a combined capacity of 432 MW in the same location.

The estimated cost to complete the project was Rs. 1473 Crore, financed in the ratio of debt to equity of 70:30. AGETNL has a 25-year power purchase agreement (PPA) with Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) at a preferential tariff of Rs. 7.01/unit. The plant achieved COD in March 2016.

Company's Financial Performance

AGETNL is the project specific SPV and COD of the project was achieved in March 2016. For FY17, the company made a net profit of Rs. 41.01 Crore and earned total revenues of Rs. 238.55 Crore. Company has a networth of Rs. 920.73 crores, unsecured loans from promoters of Rs.294.09 crores and external debt (excluding promoter loans) of Rs. 983.73 crores.



Indian Renewable Energy Development Agency Ltd. (IREDA) – provider of Letter of Comfort

IREDA, incorporated in March 1987, is a fully owned Government of India Enterprise under administrative control of Ministry of New and Renewable Energy Ltd. (MNRE). The company was notified as a public financial institution under section 4A of the companies Act, 1956 and also registered as an NBFC with RBI. The company was established for promotion, development and commercialization of new and renewable sources of Energy and provides financial assistance to energy efficiency and conservation projects. IREDA was conferred the status of ‘Mini Ratna’ under category I by GOI in June 2015.

As on March 31, 2017, the company’s AUM was Rs. 13341.66 as against Rs. 10265.02 as on March 31, 2016. For further details, kindly refer [BWR rating rationale dated March 14, 2017](#).

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	Date in 2016	Date in 2015	Date in 2014
1.	Buyer’s Credit	Long Term	132.03	BWR AA(SO) (Stable)	-	-	-

Status of non-cooperation with previous CRA (if applicable): Reason and comments N/A

Any other information: N/A

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Structure Obligation Criteria](#)



For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.