

## CMBI Credit Commentary

### Greenko Energy Holdings (GRNKEN) New Issue

Greenko Power II Ltd (GRNKEN): Plan to issue USD 980mn of 7NC3 amortizing senior secured “green” bonds, with a weighted average life (WAL) of 5.6 years. Greenko Energy Holdings (“the Guarantor”) will provide guarantee to the proposed notes, to be issued by its wholly-owned subsidiary Greenko Power II (“the Issuer”). The proposed notes will be rated Ba1/BB+ by Moody’s/Fitch and offered in RegS/144A. Bond proceeds are to repay existing domestic debts of the restricted subsidiaries and issue expenses. Expected issuance size is USD 980mn.

#### **We see fair value (FV) for the proposed GRNKEN 28 at 4.0% - 4.25%.**

The new GRNKEN 28 offers 19.5% of the bond principal amortization over the life of bonds, and this structure is comparable to GRNKEN 3.85 '26 (YTM ~3.75% at 100.375). In addition to the annual amortization rate of 3% of GRNKEN 28 principal (USD29.4 mn), there is a voluntary cash sweep of 26.75% of the principal amount over the life of GRNKEN'28. This could result in faster amortization of this notes. Our FV is derived by adding 25-40bps to GRNKEN '26 for a 2 years' tenor extension.

Compared to Indian renewable cohorts, RPVIN 5.875% '27 (YTM~5.2% at 103.265, Ba2), INGPLH 4.0% 2027 (YTM: 3.9% at 100.1, Ba3), CONTLE 4.5% 2027 (YTM~4.1% at 101.8, Ba2), **GRNKEN is a stronger credit thanks to its strong sponsor profile. GRNKEN is 55% owned by GIC, 14% by ADIA (Abu Dhabi Investment Authority) and 21.5% owned by Orix Corp.** The sponsors contributed USD 200mn in FY21 and GIC also committed to further equity to fund construction of GRNKEN's hybrid IRESP construction during FY22-24.

**GRNKEN 28 has restricted group structure:** The restricted group has 1,690MW fully operational capacity (65% wind and 35% solar). It accounts for 30.8% of total installed capacity, 23% of total asset and 21% EBITDA of the guarantor as of FY21. 50% of the restricted group's capacity contributes to strong offtakers (i.e. NTPC, Gujarat Urja VikasNigam and Tata Motor). However, most of its capacity locates in financially weak states which will heighten cash collection risk. (77% in Andhra Pradesh, Madhya Pradesh, Karnataka and Rajasthan) FY21 Restricted Group recorded EBITDA of USD 92mn, operating cash flow of USD74mn, against Finance cost of USD54mn.

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