

**November 12, 2014**

Facility	Amount (Rs. Crore)	Rating
Term Loan	29.00	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B**' (read as **SMERA single B**) to the Rs.29.00 crore bank facility of RNS Power Limited (RPL). The outlook is '**Stable**'. The rating draws comfort from the company's long-term power purchase agreements which limit off-take risk. The rating also draws comfort from the company's experienced management. However, the rating is constrained by the company's limited track record of operations. The rating notes that the company's liquidity position is highly susceptible to the financial condition of its customers. The rating also notes that the company's cash flows are exposed to variations in plant load factor (PLF).

RPL, incorporated in 2012, is a Karnataka-based company engaged in wind power generation. RPL is a part of the R N Shetty Group of Companies. The company started operations in April 2014. RPL has nine windmills (each with a generation capacity of 800W) in Gadag district, Karnataka.

RPL benefits from its 10-year power purchase agreements (PPAs) with group entities viz. Naveen Hotels Limited (established in 1975) and Murudeshwar Ceramics Limited (established in 1983). RPL also benefits from its experienced management. Dr. R. N. Shetty, founder and chairman of the RNS Group, has around 50 years of experience in power, hotel, ceramics and construction industries.

RPL's cash flows are highly susceptible to the financial condition of its customers. The company's cash flows are also exposed to variations in plant load factor (PLF), which is affected by wind speed.

**Outlook: Stable**

SMERA believes RPL will maintain a stable business risk profile over the medium term. The company will benefit from its experienced management and assured off-take agreements with customers. The outlook may be revised to 'Positive' in case the company expands its customer base and registers higher-than-expected cash flows from operations. The outlook may be revised to 'Negative' in case the company fails to generate the projected cash flows from operations.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

**About the company**

RPL, incorporated in 2012, is a Karnataka-based company engaged in wind power generation. RPL has nine windmills in Gadag district, Karnataka. The company caters to its group entities viz. Naveen Hotels Limited and Murudeshwar Ceramics Limited. RPL is a part of the R N Shetty Group of Companies. The company is promoted by Mr. Satish R. Shetty, Mr. Sunil R. Shetty and Mr. Naveen R. Shetty.

RPL started commenced sale of power in July 2014. The company registered revenue of ~Rs.2.46 crore (provisional) during July 2014 to October 2014.

**Contact List:**

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Sanjay Kher Vice President – Sales, Corporate Ratings Tel: +91-22-6714 1193 Cell: +91-9819136541 Email: <a href="mailto:sanjay.kher@smera.in">sanjay.kher@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a>	Tel: +91 22 6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.