



SMERA RATINGS LIMITED

T. M. Chandrashekhara Naik (TCN)*Rating
Rationale***April 01, 2016**

Facility	Amount (Rs. Crore)	Rating
Term Loan (Proposed)	5.00	SMERA B+/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.5.00 crore proposed bank facility of T. M. Chandrashekhara Naik (TCN). The outlook is '**Stable**'. The rating derives comfort from the strong revenue visibility driven by the Power Purchasing Agreement (PPA) for 25 years with Bangalore Electricity Supply Company Limited (BESCOM). Additionally, the rating also factors in the moderate debt protection metrics expected to be maintained for the 1 MW Bangalore, Karnataka plant.

However, the rating is constrained by implementation and funding risk. Further, the rating also notes the dependence on favourable climatic conditions for power generation.

Outlook: Stable

SMERA believes that TCN will maintain a stable business profile in the medium term and benefit from its PPA with BESCOM. The outlook may be revised to 'Positive' if TCN achieves healthy PLF (Plant Load Factor) over the medium term. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the debt protection metrics or if the company undertakes large debt funded capex, or capital withdrawal.

Rating Sensitivity Factors

- Timely completion of the project
- Funding tie up

About the Company

Incorporated in 2011, TCN is engaged in the solar power generation business. The firm plans to install a 1 MW unit in Bangalore at a project cost of Rs.6.75 crore to be funded by a term loan of Rs.5.00 crore and equity contribution of Rs.1.75 crore. Power generation at the plant is expected to commence from October 2016.

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T. M. Chandrashekhara Naik (TCN)

Rating Rationale

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