

## Rating Rationale

### Brickwork Ratings assigns 'BWR B+' for Proposed Loan Facilities aggregating ₹ 9.78 Cr for Antharagange Power Pvt. Ltd.

Brickwork Ratings has assigned the following **Rating**<sup>1</sup> for Proposed Loan Facilities of Antharagange Power Pvt. Ltd (*"APPL"* or *"the Company"*).

Facility	Limit (₹ Cr)	Tenure	Rating
Term Loan	9.78	Long Term	<b>BWR B+</b> (BWR B Plus)  <b>(Outlook : Stable)</b>
<b>Total</b>	<b>9.78</b>	<b>INR Nine Crores and Seventy Eight Lakhs only</b>	

BWR has essentially relied upon the projected financials of the company, and information and clarifications provided by the management of the company.

The rating factors, inter alia, promoters' experience, existing power purchase agreement, and revenue & profit projections. However, the rating is constrained by project implementation risk, lack of track record for the company, the project being run of the water project making it monsoon-dependent and project being highly leveraged

## Background

Antharagange Power Pvt Ltd is a limited company registered in Karnataka in 2008. It has its Corporate Office in Hyderabad. APPL intends to construct 2 Mini Hydel Power Projects of 2.0 MW (Gonal SHP II) and 1.75 MW (Gonal SHP I) on Devapur Nala (river) in Konal Village, Devatkal Panchayat, Shorapur Taluk, Yadgir District of Karnataka. Devapur Nala is a tributary of Krishna River and a major river in the Krishna basin which flows parallel to Krishna and joins in Yadgir District. Currently, the company is constructing only the 2.0 MW capacity power plant. Construction of second plant (1.75MW) will be started after the completion of construction of the first plant.

Gonal SHP II (2.0 MW) is a Run Off River Scheme located on Devapur Nala/Stream, downstream of Alamatti and Narayanapura Dam and joins Krishna River on the Down Stream

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

side. Project was originally awarded to Venika Hydro Power Project Pvt Ltd, and later transferred to APPL. Based on the available designed/rated discharge of 40 cumecs and the head available at 6.5 mtrs gross the potential of the project has been estimated at 2 x 1000KW with a gross energy generation of 8.12MU/Year at a PLF of 46.35% and net exportable energy of 8.05 MU/Year. The company has power purchase agreement with Greenko Energies Pvt Ltd (GEPL) which fixes the selling price of the power produced by APPL to GEPL at ₹5.50/unit.

### Management

Mr. Sudheer Maram, is an engineering graduate and is the technical working director. Mr. Jagan Pilly is looking after Administration and Financials of the Company. APPL's power project is being implemented by Mr. Sudheer Maram and Mr. Jagan Pilly in association with the other promoters.

### Project Financials

The company is implementing this project at a cost of ₹15.06Cr, with promoters' contribution of ₹5.27Cr. The company has plans to fund the remaining cost of the project through loan. As per this, the Debt-Equity ratio of the company works out to 1.85. The company with this 2.0MW plant when completed, functioning with a Plant Load Factor of 46.35%, can produce 8.05 Million Units (MU) of exportable energy. The company has executed a purchase power agreement with GEPL. The selling price of each unit is ₹5.50. Hence, for a complete year of operation, the company expects to generate revenue of about ₹4.42Cr.

### Rating Outlook

Going forward, ability of the Company to implement the project without time or cost overruns and to produce the projected electricity of 8.05 MU per annum and achieve the projected levels of revenues and profits will be key rating sensitivities.

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