

Rajpet Energy LLP: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Term Loan	5.50	SMERA B+/Stable (Assigned)
Bank Guarantee	0.15	SMERA A4 (Assigned)
Proposed Fund Based Facilities	0.05	SMERA B+/Stable (Assigned)

SMERA has assigned rating of **SMERA B+ (read as SMERA B plus)** on the Rs.5.55 crore bank facilities of Rajpet Energy LLP (REL). SMERA has also assigned rating of **SMERA A4 (read as SMERA A four)** on the Rs.0.15 crore non-fund based facilities. The outlook is 'Stable'.

SMERA has consolidated the business and financial risk profiles of RPPL and Rajpet Energy Limited (REL) together referred to as the RR Group. The consolidation is on account of the common ownership and operational linkages within the group.

The rating is constrained by the exposure of RR Group to risks associated with the timely completion of the projects, small scale of operations and lack of operational track record. The rating is supported by the low offtake risk on account of the presence of Power Purchase Agreements for both the projects and experienced management.

RPPL and REL are special purpose vehicles engaged in the generation of solar power in the Kolar District of Karnataka. RPPL and REL have installed capacities of 3.3 MW and 1.1 MW respectively. RPPL has a Power Purchase Agreement (PPA) with Bangalore Electricity Supply Company Limited (BESCL) for 25 years with a fixed tariff of Rs.8.40 per unit, while REL has a PPA with Chamundeshwari Electricity Supply Company Limited (CESCL) for 25 years at Rs.8.40 per unit.

The rating factors in the group's exposure to implementation risk associated with delays in completion of the two projects. SMERA notes that any significant delays can result in cost escalation and adversely impact the group's debt servicing ability. The rating is also constrained by the small scale of operations on account of the modest installed capacity of 4.4 MW at a consolidated level.

Rating Sensitivity Factors

- Timely completion of the project
- Enforcement of the PPA

Outlook-Stable

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About the Firm

Rajpet Energy LLP (REL) was incorporated as a Limited Liability Partnership in June, 2016 by Mr. Prasad Reddy Kambam, R.H. Kasturi, R.H. Jayaram Reddy, Mr. Sudheer and Ms. Spoorthi Kambam. The firm runs a solar power plant in the Kolar district of Karnataka.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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