

Raygen Power Private Limited: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan*	15.00	SMERA B+/Stable (Assigned)

**With a Sublimit of Rs. 8.50 crore in the form of Capital Expenditure LC and Rs. 0.40 crore sublimit in the form of Bank Guarantee*

SMERA has assigned a long term rating of **SMERA B+ (read as SMERA B plus)** to the Rs.15.00 crore fund based facility of Raygen Power Private Limited (RPPL). 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

SMERA believes that the RR Group will maintain a stable outlook on account of the low offtake risk owing to the PPA and adherence to the Waterfall Mechanism. The outlook may be revised to 'Positive' in case of higher than expected infusion of funds by the promoters along with substantial decline in operating costs. Conversely, the outlook may be revised to 'Negative' in case of delay in completion of the project and in case of significant increase in gearing.

About the Company

RPPL was incorporated in August, 2015 by Mr. Prasad Reddy Kambam and Ms. Spoorthi Kambam. The company runs a solar power plant in Kolar District of Karnataka. RPPL reported a networth of Rs.0.10 crore on 31st March, 2016.

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ABOUT SMERA

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