

### 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.

**Contacts:**

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

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit [www.smera.in](http://www.smera.in).

**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.