



Press Release

Rajasthan Rajya Vidyut Prasaran Nigam Limited

Revised Press Release

August 23, 2023

This is with reference to the Press Release dated July 12, 2023. The revised PR stands as follows:

The revised press release added the Adequacy of Credit Enhancement Structure & Detailed explanation of covenants of the rated instrument/facilities as per the regulator guidelines.

Link to the press release dated July 12, 2023 published on Infomerics' website:

<https://www.infomerics.com/pressrelease/rajasthan-raiya-vidyut-prasaran-nigam-limited>

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Non-Convertible Bonds/Bonds	1104.86	IVR A-(CE)/Stable (IVR Single A Minus [Credit Enhancement] with Stable outlook)*	Assigned	Complex
Long Term Bank Facilities	4888.14	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	7.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	6000.00 (Rupees Six Thousand Crore Only)			

*Credit enhancement (CE) rating based on Enforceable, Unconditional and Irrevocable Guarantee" provided by the Government of Rajasthan.

Unsupported Rating¹	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)
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Note: Unsupported rating does not factor in Enforceable, Unconditional and Irrevocable Guarantee" provided by the Government of Rajasthan.

Details of Facilities are in Annexure 1

Detailed Rationale

¹ As stipulated vide SEBI circular no. SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019



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The rating assigned to the non-convertible bonds of Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL) is based on the credit enhancement in the form of enforceable, unconditional and irrevocable guarantee issued by Government of Rajasthan for timely servicing of interest and principal of the instruments. This guarantee results in an enhancement in the rating of the said instruments to IVR A- (CE) /Stable (IVR Single A Minus [Credit Enhancement] with Stable Outlook) against the unsupported rating of IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook). Further, the ratings assigned to the bank facilities and non-convertible bonds of RRVPNL derive strength from being a wholly-owned entity of Government of Rajasthan, which provides healthy financial flexibility and RRVPNL's strategic importance to Government of Rajasthan. The ratings also take into account RRVPNL's established track record of operations, its experienced management and comfortable financial profile of Government of Rajasthan. However, these rating strengths are partially offset by high receivable levels, weak debt protection metrics along with high gearing and highly capital-intensive nature of operations. Moreover, the ratings also take into account weak financial profile of its counterparties.

Adequacy of credit enhancement structure

For assigning the rating, Infomerics has assessed the attributes of the guarantee issued by Government of Rajasthan (GoR) in favour of the rated bonds. The guarantee is legally enforceable, irrevocable and unconditional. Further, a trustee-monitored payment mechanism is in place to ensure timely payment of the interest and principal obligation. The support from GoR results in an enhancement in the rating of the said instrument to IVR A- (CE)/ Stable against the unsupported rating of IVR BBB-/ Stable.

Transaction Structure

The trustee-monitored payment mechanism for the bonds is given below:



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Payment structure for bonds amounting to Rs. 404.86 crore

Trigger date	Action point
T-10	RRVPNL shall furnish to the trustees a certificate from State Bank of Bikaner & Jaipur (SBBJ) confirming the availability of adequate funds in the Designated Account (DIP)/ (DPP) for servicing of the bonds/ interest and/ or outstanding in relation thereto. In the event, there are inadequate funds in the Designated Account available for payment, or if the Trustees are otherwise satisfied, having regard to the circumstance pertaining to the RRVPNL that it would not be in a position to fully pay and/ or discharge obligations, the Trustees shall be entitled to call upon GOR to transfer amounts required by the RRVPNL for servicing the obligations in respect of the Bonds
T-5	GOR shall transfer the requisite funds in the Designated Account (s) and the RRVPNL shall furnish to the Trustees a certificate from SBBJ confirming the deposit of amounts by GOR.

“T” refers to the due date for interest payment/principal repayment

Payment structure for bonds amounting to Rs. 700 crore

Trigger date	Action point
T-4	The Trustee shall ascertain whether there are adequate funds in the Designated Escrow Account to make payments to the Bond Holder (s) on the respective due dates. In case the designated Escrow Account is not funded adequately by the Company, an Event of Default occurs, the Trustee shall forthwith invoke the Guarantee by sending a written Notice to GOR
T-2	GOR shall transfer the requisite funds into the Designated Escrow Account

“T” refers to the due date for interest payment/principal repayment

Key Rating Sensitivities

Upward Factors:

- Substantial improvement in credit profile of the off taker along with timely realization of receivables on sustained basis
- Improvement in overall operational performance and debt protection metrics
- Improvement in the credit profile of Government of Rajasthan and sustained support

Downward Factors:



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- Weakening of credit profile off-taker resulting in an elongated collection period
- Deterioration in operational performance, debt protection metrics and overall gearing
- Moderation in the credit profile of Government of Rajasthan

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Wholly owned by Government of Rajasthan**

RRVPNL is wholly owned by Government of Rajasthan (GoR). Considering the strategic importance of power sector to the state government, it has extended support in the past which is likely to continue in future too.

- **Established track record of operations and experienced management**

The company commenced its operations in July 2000 and has a successful track record of more than two decades in the existing line of business. Overall activities of RRVPNL are managed by GoR nominated administrators and professionals with several decades of experience in power industry. They are ably supported by qualified and well experienced management team.

- **Comfortable financial profile of Government of Rajasthan**

The budget 2022-23 (R.E.) of the State was presented with budget surplus of Rs. 120.35 crore. This indicates that it has been able to manage the state finances in a better manner than its peer states. Also, the fiscal deficit as percentage of GSDP of Rajasthan stood at 4.3% was lower than that of the national average. For the financial year 2022-23 (R.E) total receipts (excluding borrowing) stood at Rs. 2,16,173 crore.

Key Rating Weakness:

- **High receivable levels**

RRVPNL has been discharging wheeling of power and transmission of electricity to Rajasthan discoms namely Jaipur Vidyut Vitran Nigam Ltd, Ajmer Vidyut Vitran Nigam Ltd and Jodhpur Vidyut Vitran Nigam Ltd. It has continued to report high outstanding receivables levels in last three years. Weak credit profile of these discoms also restricts the credit profile of RRVPNL. However, outstanding receivables have decreased from Rs. 4066.94 crore in FY22 to Rs. 3479.18 crore in FY23 supported by the Late Payment Surcharge scheme of the Ministry of Power.



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- **Weak debt protection metrics and high gearing**

The overall gearing of the company stood high at 3.60x as on March 31, 2023. The company has reported weak debt protection metrics with DSCR remained below unity in FY21 and in FY22. However, comfort can be derived from the fact that the company has been supported by government of Rajasthan which owns entire shareholding in the company.

- **Highly capital-intensive nature of operations**

By virtue of its business, RRVPNL's operation continues to be capital intensive. In order to maintain operational efficiencies (i.e., replacing old plant, modernisation of the existing plant, capacity enhancement), the company would have to incur regular capital expenditure. As a result, increase in term borrowings of the company might impact the overall financial risk profile.

Analytical Approach:

Credit Enhancement Rating: For arriving at the ratings, INFOMERICS has applied its rating methodology as detailed in the rating criteria below. INFOMERICS has analysed RRVPNL's credit profile by considering the standalone financial statements of the company coupled with also assessed credit profile of the Government of Rajasthan

Standalone: By considering the standalone financial statements of RRVPNL (without considering the credit enhancement)

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-financial Sector\)](#)

[Rating Methodology structure-debt-transaction-non securitisation-transaction](#)

[Parent & Group Support](#)

[Public Finance](#)

[Criteria of assigning Rating Outlook](#)

Liquidity Position: Weak



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The company has a weak liquidity position marked by its tightly matched gross cash accruals with its repayment obligations. The company had a cash accrual of Rs. 1409.88 crore in FY23. The company has free cash and cash equivalents of Rs. 94.58 crore as on March 31, 2023.

However, comfort can be derived from the fact that the company has been supported by government of Rajasthan which owns entire shareholding in the company. Moreover, expected improvement in collection also expected to support the liquidity in the near term.

About the Company

Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL) has been established by Government of Rajasthan under the provisions of the Rajasthan Power Sector Reforms Act, 1999 as the successor company of RSEB (Rajasthan State Electricity Board). In July 2000, the RSEB was unbundled into a Generation Company (Rajasthan Rajya Vidyut Utpadan Nigam), a Transmission Company (Rajasthan Rajya Vidyut Prasaran Nigam Limited) and three Distribution Companies (Jaipur Vidyut Vitran Nigam Ltd, Ajmer Vidyut Vitran Nigam Ltd and Jodhpur Vidyut Vitran Nigam Ltd). RRVPNL has been discharging wheeling of power and transmission of electricity.

Financials: Standalone

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	3051.69	3668.64
EBITDA	1617.11	2174.36
PAT	-275.90	34.16
Total Debt	13200.22	12200.01
Tangible Net worth	3271.99	3385.40
EBITDA Margin (%)	52.99	59.27
PAT Margin (%)	-8.17	0.85
Overall Gearing Ratio (x)	4.03	3.60

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: The ratings of Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPN) have been moved to Issuer Not Cooperating category by Brickwork as per Press Release dated April 04, 2023, due to lack of management cooperation and absence of adequate information.

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Cash Credit (including proposed limit)	Long Term	4888.14	IVR BBB-/Stable	-	-	-
2.	Bank Guarantee	Short Term	1.00	IVR A3	-	-	-
3.	Letter of Credit	Short Term	6.00	IVR A3	-	-	-
4.	Non-Convertible Bonds/Bonds	Long Term	1104.86	IVR A-(CE)/Stable Unsupported: IVR BBB-/Stable	-	-	-

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating / Outlook
Cash Credit	-	-	-	4888.14	IVR BBB-/Stable
Bank Guarantee	-	-	-	1.00	IVR A3
Letter of Credit	-	-	-	6.00	IVR A3
Bond (ISIN: INE572F11059)	31/12/2010	NA	31/12/2023	15.15	IVR A-(CE)/Stable Unsupported: IVR BBB-/Stable
Bond (ISIN: INE572F11067)	31/12/2010	NA	31/12/2024	13.79	IVR A-(CE)/Stable Unsupported: IVR BBB-/Stable
Bond (ISIN: INE572F11075)	31/12/2010	NA	31/12/2025	12.55	IVR A-(CE)/Stable Unsupported: IVR BBB-/Stable
Bond (ISIN: INE572F11083)	31/12/2010	NA	31/12/2026	11.42	IVR A-(CE)/Stable



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					Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11091)	31/12/2010	NA	31/12/2027	10.40	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11109)	31/12/2010	NA	31/12/2028	9.46	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11158)	14/01/2011	NA	14/01/2024	20.21	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11166)	14/01/2011	NA	14/01/2025	18.39	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11174)	14/01/2011	NA	14/01/2026	16.74	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11182)	14/01/2011	NA	14/01/2027	15.24	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11190)	14/01/2011	NA	14/01/2028	13.87	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11208)	14/01/2011	NA	14/01/2029	12.62	IVR A- (CE)/Stable Unsupported:



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					IVR BBB- /Stable
Bond (ISIN: INE572F11240)	31/01/2012	NA	31/01/2024	44.67	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11257)	31/01/2012	NA	31/01/2025	40.33	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11265)	31/01/2012	NA	31/01/2026	36.42	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11273)	31/01/2012	NA	31/01/2027	32.88	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11281)	31/01/2012	NA	31/01/2028	29.69	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11299)	31/01/2012	NA	31/01/2029	26.81	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Bond (ISIN: INE572F11307)	31/01/2012	NA	31/01/2030	24.20	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Non-Convertible Debentures (ISIN: INE572F09202)	05/01/2015	8.65% payable semi annually	5/01/2025; 5/01/2026; 5/01/2027	300.30	IVR A- (CE)/Stable Unsupported:



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					IVR BBB- /Stable
Non-Convertible Debentures (ISIN: INE572F08089)	23/03/2015	8.69% payable semi annually	23/03/2025; 23/03/2026; 23/03/2027	399.70	IVR A- (CE)/Stable Unsupported: IVR BBB- /Stable
Total				6000.00	

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-rrvpnl-jul23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Name of the Instrument		Detailed Explanation
Bonds (Non Convertible Deep Discount Bonds)	Financial Covenant	Not applicable
	Non- Financial Covenant	i)The guarantor irrevocably and unconditionally guarantees timely payment of principal and interest on bonds. ii) The Trustee shall, 10 (ten) days prior to each Due Date, ascertain whether there are adequate funds in the Designated Escrow Account to make payments to the Bond Holder(s) on the respective Due Dates.
Name of the Instrument		Detailed Explanation
Non- Convertible Debentures (Non Convertible Taxable Bonds)	Financial Covenant	Not applicable
	Non- Financial Covenant	i)The guarantor irrevocably and unconditionally guarantees timely payment of principal and interest on bonds ii) The Trustee shall, 4 (four) days prior to each Due Date, ascertain whether there are adequate funds in the Designated Escrow Account to make payments to the Bond Holder(s) on the respective Due Dates.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.