



Press Release

Rajasthan Rajya Vidyut Prasaran Nigam Limited

July 10, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	4888.14	IVR BBB-/Stable (IVR Triple B with Stable Outlook)	IVR BBB-/Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Short Term Bank Facilities	7.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	Simple
NCD	541.00	IVR A-(CE)#/Stable (IVR Single A Minus [Credit Enhancement] with Stable Outlook) *	IVR A-(CE)#/Stable (IVR Single A Minus [Credit Enhancement] with Stable Outlook) *	Reaffirmed	Complex
Bonds	324.81	IVR A-(CE)#/Stable (IVR Single A Minus [Credit Enhancement] with Stable Outlook) *	IVR A-(CE)#/Stable (IVR Single A Minus [Credit Enhancement] with Stable Outlook) *	Reaffirmed	Complex
Total	5760.95	Rupees Five Thousand Seven Hundred Sixty Crore and Ninety-Five Lakhs Only			

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

Particulars	Current Ratings	Previous Ratings
Unsupported Rating#	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)

Note: Unsupported rating does not factor in the explicit credit enhancement.

Details of Facilities are in Annexure 1

Detailed explanation of covenants is in Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed long term rating to IVR BBB-/Stable and short-term rating to IVR A3 for the bank loan facilities and non-convertible debentures (NCD)/Bonds to IVR A- (CE)/Stable of Rajasthan Rajya Vidyut Prasaran Nigam



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Limited (RRVPNL). The rating continues to draw comfort from the wholly owned by Government of Rajasthan (GoR), established track record of operations and experienced management, satisfactory financial risk profile, comfortable financial profile of GoR and maintenance of government securities by GoR. However, these strengths are partially offset by high receivable levels, high gearing and decline in tangible networth and highly capital-intensive nature of operations.

The 'Stable' outlook indicates utilities nature of business with assured offtake from state discoms.

IVR has principally relied on the standalone audited financial results of RRVPNL upto 31 March 2024 (refers to period April 1st, 2023, to March 31, 2024), and projected financials for FY2025, FY2026 and FY2027, and publicly available information/ clarifications provided by the company's management.

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

Downward Factors

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

Adequacy of credit enhancement structure:

For reaffirming the rating, Infomerics has assessed the attributes of the guarantee issued by GoR in favour of the rated bonds/NCD. 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 transaction structure to ensure a timely payment under the credit enhancement is as follows:

Payment structure for bonds amounting to Rs. 324.81 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



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	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

Infomerics will consider T-10 as its legal final maturity for the purpose of recognition of default.

Payment structure for NCD amounting to Rs. 541 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

Infomerics will consider T-4 as its legal final maturity for the purpose of recognition of default.

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.



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- **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.

- **Satisfactory financial risk profile:**

In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) and the debt service coverage ratio (DSCR) remained satisfactory at 2.83x and 1.38x respectively in FY2024. The total operating income (TOI) improved by ~25.57% to Rs. 4,574.76 crore in FY2024 from Rs. 3,643.30 crore in FY2023.

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

The budget 2023-24 (R.E.) of the State was presented with budget surplus of Rs. 28.41 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 4.00% was lower than that of the national average. For the financial year 2023-24 (R.E) total receipts (excluding borrowing) stood at Rs. 2,37,672 crore.

- **Maintenance of government securities by GoR**

The state government maintains government securities (GS) and auction treasury bills (ATB) with RBI. As on January 31, 2024, the corpus of Rajasthan state in GS and ATB stood at Rs. 129.00 crore and Rs. 8,000 crore respectively.

Key Rating Weaknesses

- **High receivable levels**

RRVPNL has been discharging wheeling of power and transmission of electricity to Rajasthan discoms namely AVVNL, JVVNL and JDVVNL. 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 marginally increased from Rs. 2,248.61 crore in FY2023 to Rs. 2,569.37 crore in FY2024. Out of said receivables Rs. 1,612.79 crore were receivable outstanding for less than six months and Rs. 956.66 crore were receivable outstanding for more than six months from the three discoms. The receivable more than six months are realizable as per company.



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- **High gearing and decline in tangible network**

The overall gearing of the company stood high at 4.67x in FY2024. The company tangible network has declined Rs. 2607.48 crore in FY2024 from Rs. 3229.41 crore in FY2023 due to retention of losses. RRVPNL has relied on borrowings from banks, financial institutions and government funding to meet any cash flow mismatches.

- **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 towers and lines and modernization of the existing transmission lines), the company would have to incur regular operational capital expenditure. As a result, increase in term borrowings of the company might impact the overall financial risk profile.

Analytical Approach:

Credit enhancement (CE) rating: For arriving at the credit enhancement (CE) ratings, IVR has analysed the credit profile of Government of Rajasthan (GoR) provider of irrevocable and unconditional corporate guarantee to the **NCD/Bonds** aggregating to Rs. 1450 crore of RRVPNL's. IVR has analysed RRVPNL's credit profile by considering the standalone financial statements.

Unsupported Rating: By considering the standalone financial statements of RRVPNL (without considering the credit enhancement) for bank loan facilities.

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

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

[Parent & Group Support](#)

[Public Finance](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company has an adequate liquidity position. There are long-term secured and unsecured borrowings amounting to Rs. 11936.74 crore, as on 31st March 2024. Against a current portion of long-term debt (CPLTD) of Rs 1,381.03 crore in FY2024, the company had a cash accrual of Rs. 2318.10 crore in FY2024. The company projected to generate cash



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accruals of Rs. 1407.79 crore in FY2025 against a CPLTD of Rs. 1406.27 crore. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate. Also, the comfort can be derived from the fact that the company has been supported by Government of Rajasthan which owns entire shareholding in the company.

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). The government of Rajasthan constituted the RRVPNL on 19th July 2000. It is a transmission company and procure power generated from Rajasthan Rajya Vidyut Utpadan Nigam Limited and transmit the same to the distribution companies namely, Jaipur Vidyut Vitran Nigam Limited (JVVNL), Ajmer Vidyut Vitran Nigam Limited (AVVNL) and Jodhpur Vidyut Vitran Nigam Limited (JDVNL). RRVPNL has been discharging wheeling of power and transmission of electricity.

Financials (Standalone):

(Rs. crore)		
For the year ended as on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	3643.30	4574.76
EBITDA	2147.39	3030.87
PAT	-56.40	-1418.36
Total Debt	12275.61	12166.74
Tangible Networth	3229.41	2607.48
EBITDA Margin (%)	58.94	66.25
PAT Margin (%)	-1.41	-28.75
Overall Gearing Ratio (x)	3.87	4.77
Interest Coverage Ratio (x)	1.86	2.83

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr.	Type of	Current Ratings (Year 2024-25)	Rating History for the past 3 years
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No.	Instrument/Facility	Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 12 July 2023	Date(s) & Rating(s) assigned in 2022-23 10 Mar 2023	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based	Long Term	4888.14	IVR BBB-/Stable	IVR BBB-/Stable	-	-
2.	Non-Fund Based	Short Term	7.00	IVR A3	IVR A3	-	-
3.	NCD	Long Term	541.00	IVR A-(CE)/Stable	IVR A-(CE)/Stable	-	-
4.	Bonds	Long Term	324.81	IVR A-(CE)/Stable	IVR A-(CE)/Stable	-	-

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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.

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

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit (CC)	-	-	-	40.00	IVR BBB-/Stable
Bank Guarantee (BG)	-	-	-	1.00	IVR A3
Letter of Credit (LC)	-	-	-	6.00	IVR A3
Proposed-CC	-	-	-	4848.14	IVR BBB-/Stable
NCD (ISIN: INE572F09202)	05.01.2015	8.65	05.01.2027	222.30	IVR A-(CE)/Stable
NCD (ISIN: INE572F08089)	23.03.2015	8.69	23.03.2027	318.70	IVR A-(CE)/Stable
Bonds (ISIN: INE572F11067)	31.12.2010	Deep Discount	31.12.2024	13.79	IVR A-(CE)/Stable
Bonds (ISIN: INE572F11257)	31.01.2012	Deep Discount	31.01.2025	40.33	IVR A-(CE)/Stable
Bonds (ISIN: INE572F11265)	31.01.2012	Deep Discount	31.01.2026	36.42	IVR A-(CE)/Stable
Bonds (ISIN:	31.01.2012	Deep Discount	31.01.2027	32.88	IVR A-(CE)/Stable



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INE572F11273)					
Bonds (ISIN: INE572F11281)	31.01.2012	Deep Discount	31.01.2028	29.69	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11299)	31.01.2012	Deep Discount	31.01.2029	26.81	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11307)	31.01.2012	Deep Discount	31.01.2030	24.20	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11166)	14.01.2011	Deep Discount	14.01.2025	18.39	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11174)	14.01.2011	Deep Discount	14.01.2026	16.74	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11182)	14.01.2011	Deep Discount	14.01.2027	15.24	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11190)	14.01.2011	Deep Discount	14.01.2028	13.87	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11208)	14.01.2011	Deep Discount	14.01.2029	12.62	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11075)	31.12.2010	Deep Discount	31.12.2025	12.55	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11083)	31.12.2010	Deep Discount	31.12.2026	11.42	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11091)	31.12.2010	Deep Discount	31.12.2027	10.40	IVR A- (CE)/Stable
Bonds (ISIN: INE572F11109)	31.12.2010	Deep Discount	31.12.2028	9.46	IVR A- (CE)/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Rajasthan-RajyaVidut-july24.pdf>



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Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:

Name of the Security/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 Security/Instrument		Detailed Explanation
Non-convertible Debentures (NCD)	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.

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

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 <https://www.infomerics.com>.