

## RATING RATIONALE

28 June 2023

### RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD.

**Brickwork Ratings downgrades/reaffirms the ratings for the Bank Loan Facilities of Rs. 3000 Crs. and NCDs/Bonds of Rs. 1000.00 Crs. of Rajasthan Rajya Vidyut Utpadan Nigam Ltd. based on best available information, as the issuer did not cooperate.**

#### Particulars

Facilities/ Instruments**	Amount (Rs. Crs.)		Tenure	Rating^	
	Previous	Present		Previous (23 June 2022)	Present
<b>NCD</b> Existing Proposed	850.00 150.00	<b>850.00</b> <b>150.00</b>	Long Term	BWR A- (CE)/ Negative Reaffirmation	<b>BWR BBB+(CE)/ Negative ISSUER NOT COOPERATING* /Downgrade@@</b>
<b>Fund Based</b> Cash Credit - Sanctioned Cash Credit - Proposed	900.00 1619.40	<b>900.00</b> <b>1619.40</b>	Long Term	BWR A- (CE)/ Negative Reaffirmation	<b>BWR BBB/Negative ISSUER NOT COOPERATING* /Downgrade@</b>
<b>Non Fund Based</b> Bank Guarantee (BG)- Sanctioned#	330.60	<b>330.60</b>	Short Term	BWR A2+ (CE)/ Reaffirmation	<b>BWR A3+ ISSUER NOT COOPERATING* /Downgrade@</b>
<b>Non Fund Based BG/LC-</b> Sanctioned	150.00	<b>150.00</b>	Short Term	BWR A4 Reaffirmation	<b>BWR A4 ISSUER NOT COOPERATING* /Reaffirmation</b>
<b>Total</b>	4000.00	<b>4000.00</b>	<b>Rupees Four Thousand Crores Only</b>		

^Please refer to Brickwork Ratings (BWR) website <https://www.brickworkratings.com/> for the definition of the ratings

\* Issuer did not cooperate; based on best available information

\*\* Details of Instruments and Bank loan facilities are provided in Annexures-I & II

@ Revision in analytical approach from CE to standalone.

@@ The supported rating is based on a Credit Enhancement (CE) in the form of an “Enforceable, Unconditional and Irrevocable Guarantee” provided by the Government of Rajasthan for the guaranteed Bonds / NCDs which is in compliance with evaluation criteria/mechanism stipulated by the SEBI Circular dated 28 Sep 2022. The Unsupported (Standalone) rating as assessed by BWR without considering the credit enhancement is BWR C.

# Facility closed as confirmed by the company and the lender during the previous rating review. The company is yet to comply with the BWR’s Rating Withdrawal Policy.

## **RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION**

Bank loan and NCD/Bond ratings of Rajasthan Rajya Vidyut Utpadan Nigam Ltd. ('RRVUNL' or 'company') were due for a review in June 2023. Brickwork Ratings (BWR) has consistently taken up with the company through emails and telephone calls to provide financial and operational information for the periodic monitoring and surveillance of the ratings. Despite the best efforts of BWR to get the required information for a review, the company has not shared the requisite information. Also, BWR is in receipt of the company's request for withdrawal of the ratings, however, the company is yet to fully comply with BWR's rating withdrawal policy and extant regulatory guidelines. Due to the lack of management cooperation and in the absence of adequate information from the company, BWR is unable to assess the company's performance, its ability to service its debt, and maintain a valid rating.

The rating action also aligns BWR's ratings with the latest Reserve Bank of India's (RBI) with revised guidelines on 'Credit Ratings supported by Credit Enhancement (CE) for Bank loans' vide its Guidance Note (GN) dated 22 Apr 2022 read with FAQs dated 26 July 2022 which clarified to consider the existing guarantees till the residual tenure of the rated instrument. BWR notes that the Guarantee of Government of Rajasthan (GoR) does not meet the evaluation criteria/mechanism stipulated by the Guidance Note and the FAQ document issued by the RBI. In compliance with the aforesaid regulatory guidance, BWR would not be considering the benefit of a guarantee (for the bank loan ratings) that does not meet the revised rating criteria. However, the presence of such a guarantee continues to represent a strong expression of commitment on the part of the guarantee provider.

Hence, based on extant regulatory guidelines, non-cooperation by the company, and the best available information, BWR has downgraded the ratings of government guaranteed backed NCDs/Bonds to BWR BBB+ (CE)/Negative, ratings of government guaranteed bank loan facilities to BWR BBB/Negative/A3+, reaffirmed the rating of unguaranteed bank loan facilities at BWR A4, and migrated the ratings to the ISSUER NOT COOPERATING\* category.

*\*Issuer did not cooperate; based on best available information*

## **LIMITATIONS OF THE RATING**

Information availability risk is a key factor in the assessment of credit risk as generally non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

## **ABOUT THE ENTITY**

Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) was established in 2000 by the Government of Rajasthan under the provisions of the Rajasthan Power Sector Reforms Act, 1999, as the successor company of RSEB. RRVUNL is the state power generating utility and has been entrusted with the job of developing power projects under the state sector, in the state, along with the operation and maintenance of state-owned power stations. As on 31 March 2022, the company has a total installed capacity of 8344.35 MW.

*(as per the information shared during April 2022 rating review)*

**KEY FINANCIAL INDICATORS (Standalone) -RRVUNL**

Key Parameters	Units	FY22	FY23
Result Type		Audited	Audited
Operating Revenue	Rs. Crs.	14235.21	18368.68
EBITDA	Rs. Crs.	2731.18	2918.75
PAT	Rs. Crs.	(1993.22)	(6277.59)
Tangible Net Worth	Rs. Crs.	3216.11	(2951.39)
Total Debt/TNW	Times	14.30	(13.75)
Current Ratio	Times	1.60	0.98

**KEY FINANCIAL INDICATORS – Govt. of Rajasthan (Guarantee Provider)**

Rajasthan government’s total receipts for 2019-20 (actuals) are at Rs. 187256 Crs as against Rs. 190898 Crs for 2018-19. The total expenditure for 2019-20 was at Rs. 213491 Crs against Rs. 204439 Crs for 2018-19. The revenue deficit for the next financial year is estimated at Rs. 41722 Crs, or 4.36% of the GSDP. The fiscal deficit is estimated at Rs. 58608 Crs (6.12% of GSDP).

The outstanding liabilities for FY21 are expected at 49.15% of the GSDP. The guarantees outstanding stood at 6.64% of the GSDP, indicating inability to comply with FRBM guidelines. The state’s revenue deficit widened in FY20 at 3.64% (as against 3.07% in FY19); the fiscal deficit is at 5.24% of GSDP for FY20. The state’s revenue deficit for RE 2020-21 is estimated at Rs. 41722 Crs, or 4.36% of the GSDP. The fiscal deficit is estimated at Rs. 58608 Crs in RE 2020-21 (6.12% of the GSDP).

**NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY: Nil**

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]:**

Sl. No.	Instrument	Current Rating (June 2023)			Rating History							
		Type	Amount Rated (Rs. Crs.)	Rating	2023		2022		2021		2020	
					Date	Rating	Date	Rating	Date	Rating	Date	Rating
1	NCD/Bonds <sup>^</sup>	Long Term	1000.00	<b>BWR BBB+ (CE)/Negative ISSUER NOT COOPERATING*/ Downgrade</b>	NA	NA	23 Jun 2022	BWR A-(CE)/ Negative	27 Apr 2021	BWR A-(CE)/ Negative	31 Mar 2020	BWR A-(CE)/ Stable
2	Fund Based <sup>^</sup> Cash Credit - Sanctioned Cash Credit - Proposed	Long Term	900.0 1619.40	<b>BWR BBB/Negative ISSUER NOT COOPERATING*/ Downgrade@</b>	NA	NA	23 Jun 2022	BWR A-(CE)/ Negative	27 Apr 2021	BWR A-(CE)/ Negative	31 Mar 2020	BWR A-(CE)/ Stable
3	Non Fund Based <sup>^</sup> BG - Sanctioned	Short Term	330.60	<b>BWR A3+ ISSUER NOT COOPERATING*/ Downgrade@</b>	NA	NA	23 Jun 2022	BWR A2+(CE)	27 Apr 2021	BWR A2+(CE)	31 Mar 2020	BWR A2+(CE)
4	Non Fund Based <sup>^^</sup> BG/LC - Sanctioned	Long Term	150.00	<b>BWR A4 ISSUER NOT COOPERATING*/ Downgrade</b>	NA	NA	23 Jun 2022	BWR A4	27 Apr 2021	BWR A4	31 Mar 2020	BWR A4
<b>Total</b>			<b>4000.00</b>	<b>Rupees Four Thousand Crores Only</b>								

\*Issuer did not cooperate; based on best available information

<sup>^</sup>With GoR Guarantee; <sup>^^</sup>Without GoR Guarantee; @Revision in analytical approach from CE to standalone.

**Note:** Amended Rationales were published on 13 Jul 2021 and 02 Sep 2021.

**COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple**

For more information, visit

<https://www.brickworkratings.com/download/ComplexityLevels.pdf>

**HYPERLINK/REFERENCE TO APPLICABLE CRITERIA**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Infrastructure Sector](#)
- [Public Finance – State Governments](#)
- [Criteria - Credit Enhanced Ratings](#)
- [Ratings of Entities Based on Government Support](#)
- [Policy on Non-cooperation by Issuer](#)

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**RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD. (RRVUNL)  
ANNEXURE I  
INSTRUMENT DETAILS**

Sl. No.	Instrument	Issue Date	Amount (Rs. Crs.)	Coupon Rate (%)	Maturity Date	ISIN Particulars
1	NCD / Bonds	24 Dec 2014	550.00	9.00	24 Dec 2026	INE891F08018
2	NCD / Bonds	26 Mar 2015	300.00	8.74	26 Mar 2027	INE891F08026
3	NCD / Bonds-Proposed	-	150.00	-	-	-
		<b>Total</b>	<b>1000.00</b>			<b>Rupees One Thousand Crores only</b>

**Note:** As per information available in June 2022. NCDs/ Bonds listed on BSE

**RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD. (RRVUNL)  
ANNEXURE II  
Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total Rated (Rs. Crs.)
1	SBI	Cash Credit	900.00	-	900.00
2		Cash Credit - Proposed	1619.40	-	1619.40
3		Bank Guarantee	-	330.60	330.60
4		Bank Guarantee	-	150.00	150.00
5		Letter of Credit (sub-limit of Bank Guarantee)	-	(100.00)	(100.00)
		<b>TOTAL (Rupees Three Thousand Crores only)</b>			<b>3000.00</b>

**Note:** As per information available in June 2022



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