

Press Release
R R ENERGY LIMITED
July 19, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.12	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	4.00	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	44.12	-	-

Rating Rationale

Acuite has downgraded the long term rating to 'ACUITE BB+' (read as ACUITE double B plus) from 'ACUITE BBB ' (read as ACUITE Triple B) and short term rating to 'ACUITE A4+' (read as ACUITE A four plus) from 'ACUITE A3+' (read as ACUITE A three plus) on the Rs 44.12 crore bank facilities of R R Energy Limited (RREL). The rating is now flagged as "Issuer Not Cooperating" and is based on best available information. The downgrade is majorly on account of information risk.

About the Company

Incorporated in 2004, R R Energy Limited (RREL), a Chhattisgarh based company, is engaged in generation of biomass power and manufacturing of ferro alloy. Currently, the company is headed by Mr. Rajendra Kumar Agrawal, Mr. Amar Agrawal, Mr. Subhash Chander Singhal, Mr. Naresh Garg, Mr. Vijay Kumar Garg and Mr. Prabhu Nath Pandit. The key promoters of the company have been in the industry for 16 years. The total capacity of the bio mass based power plant is 15MW and RREL has a power purchase agreement (PPA) with Chhattisgarh State Power Distribution Company Limited (CSPDCL) for 20 years (from March 2016) for sale of 13MW power.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit ratings based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon.

Material Covenants

Not Applicable

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	83.08	150.29
PAT	Rs. Cr.	2.06	2.03
PAT Margin	(%)	2.48	1.35
Total Debt/Tangible Net Worth	Times	0.74	0.69
PBDIT/Interest	Times	2.73	2.68

Status of non-cooperation with previous CRA

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 May 2022	Proposed Cash Credit	Long Term	14.08	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Cash Credit	Long Term	3.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	16.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Cash Credit	Long Term	0.12	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Cash Credit	Long Term	2.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Term Loan	Long Term	4.38	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Cash Credit	Long Term	0.54	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
11 Jan 2021	Working Capital Term Loan	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Letter of Credit	Short Term	1.50	ACUITE A3 (Assigned)
	Bank Guarantee	Short Term	2.10	ACUITE A3 (Assigned)
	Term Loan	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	5.02	ACUITE BBB- Stable (Assigned)
	Letter of Credit	Short Term	12.50	ACUITE A3 (Assigned)
	Working Capital Term Loan	Long Term	2.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Yes Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	16.00	ACUITE BB+ Downgraded Issuer not co-operating*
Yes Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE A4+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	0.54	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	0.12	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	14.08	ACUITE BB+ Downgraded Issuer not co-operating*
Yes Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.38	ACUITE BB+ Downgraded Issuer not co-operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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