



Press Release
RattanIndia Power Limited
December 16, 2024
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	615.00	ACUITE BBB- Stable Reaffirmed	-
Non Convertible Debentures (NCD)	410.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	615.00	-	-
Total Withdrawn Quantum (Rs. Cr)	410.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on Rs. 615.00 Cr. Non Convertible Debentures of RattanIndia Power Limited (RPL). The outlook remains '**Stable**'.

Further, Acuite has withdrawn its long-term rating on the Non Convertible Debentures of Rs. 410.00 Cr. of RattanIndia Power Limited (RPL). The Non Convertible Debentures are withdrawn without assigning any rating as the facilities have been redeemed. The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument. The rating is withdrawn on receipt of withdrawal request from the company and No Dues Certificate (NDC) received from the debenture trustee.

Rationale for rating

The rating reaffirmation takes into account the improved operating and financial performance of RPL in H1FY2025. The improvement is driven by increased plant load factor (PLF) levels and comparatively swifter debt repayments. Further, the company has generated PLF of 92 percent in Q1FY2025. It had generated PLF of 82 percent in FY2024 as against 77 percent in FY2023. There has also been improvement in the plant availability factor (PAF) to 85 percent in FY2024 from 81 percent in FY2023. The company is expected to generate sufficient net cash accruals to meet its repayment obligations in the near to medium term.

The rating is however constrained on account of elongated working capital cycle. Going forward, the company's ability to improve its scale of operations and profitability margins while restricting further elongation of its working capital cycle will remain a key rating monitorable.

About the Company

Delhi based RattanIndia Power Limited (RPL) was incorporated in the year 2007 as Sophia Power Company Limited, originally as a part of Indiabulls group. The company changed its name to Indiabulls Power Limited after its listing on NSE as well as BSE in the year 2009. In 2014, subsequent to the group split along with Indiabulls Infrastructure and Power Limited, the company was carved out and renamed as RattanIndia Power Limited. RPL is promoted by Mr. Rajiv Rattan who is one of the co-founders of Indiabulls Group and currently holds the Chairmanship of RattanIndia Group. The company operates Amravati Thermal Power Project, located at Amravati district, Maharashtra with a total power generation capacity of 2,700 MW comprising of two phases of 1,350 MW each. Phase-I of the power plant (270 MW x 5 units) was commissioned in March 2015. Phase-II is abandoned.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of RPL to arrive at this rating.

Key Rating Drivers

Strengths

Low off take risk supported by long term PPA

RattanIndia Power Limited has entered into a long-term agreement with the Maharashtra State Electricity Distribution Limited (MSEDCL) for a tenure of 25 years. Under this agreement, the company will supply 1,200 MW of power to the state discom and for the balance, capacity is untied and sold in exchange at market determined tariff rate.

Improvement in operating performance albeit decline in profitability margins

The company generated revenue of Rs. 3,364.00 Cr. in FY2024 as against Rs. 3,231.16 Cr. in FY2023. Further, it reported revenue of Rs. 1,614.26 Cr. for H1FY2025. The plant achieved PLF of 82 percent for FY2024 as against 77 percent for FY2023. The PAF improved to 85 percent in FY2024 as against 81 percent in FY2023. For Q1 FY2025, PLF stood at 92 percent and PAF stood at 95 percent. The operating margin declined to 18.78 percent in FY2024 as against 23.49 percent in FY2023 on account of higher input costs. It stood at 16.36 percent in H1FY2025. Due to the lower grade of coal procured, with low calorific value, company had to incur high costs for procuring the coal in higher volumes. Further, as per the agreement, the company can only pass on the incremental taxes and duties to their customers.

Low reliance on e-auctioned/imported coal

RPL requires a minimum fuel supply of 5.90 MTPA to operate the plant at a normative level (availability factor of 85%). The company has signed Fuel Supply Agreement with Southeastern Coalfields Limited (a subsidiary of Coal India Limited) for 6.10 MTPA, which covers the majority portion of the requirement, resulting in lower reliance on e-auctioned/ imported coal.

Prepayment of debt obligations

The total debt of RPL stood at Rs. 3,561.75 Cr. as on March 31, 2024 and includes long term debt of Rs. 709.40 Cr, unsecured loans from related parties worth Rs. 2,079.47 Cr, short term debt of Rs. 250.00 Cr. and maturing repayment obligations of Rs. 522.88 Cr. RPL had received regulatory receivables of Rs 732 Cr. from April 2022 to June 2023 which was used for prepayments of debt facilities.

During FY2024, company has made prepayment of Rs. 348 Cr., over and above the scheduled repayment of Rs. 255 Cr. out of the cashflows received from regulatory receivables.

In H1FY2025, the company has prepaid its secured debt of Rs. 150 Cr. over and above the scheduled payment of Rs. 85 Cr. The total debt stands at Rs. 3,462.96 Cr. as on September 30, 2024.

Weaknesses

Intensive Working Capital Management

The operations of the company, though improved, remain working capital intensive with GCA of 263 days as on March 31, 2024 as against 327 days on March 31, 2023. The GCA are driven by debtor days which stood at 224 days as on March 31, 2024 as against 281 days on March 31, 2023. The debtor outstanding amount includes two components i.e. regular receivables and regulatory receivables. The regulatory receivables are bills raised to factor in components like late payment surcharge, change in law claims etc. While the company has been receiving timely payments from its regular receivables, the regulatory receivables are a major cause for higher debtor days.

Acuite believes ability of RPL to prevent further elongation of receivables would be a key rating monitorable.

ESG Factors Relevant for Rating

RPL is a power producer based on thermal electricity. The advancing environmental risk emanating from new regulations may adversely impact the cost of generation. Environmental risk is a major issue for thermal power generators as coal-based power generation causes significant environmental damage. While there have been some measures adopted to reduce the carbon emission, the reduction however is not uniform. The risks of regulatory constraints therefore continue to remain high for this industry and additional measures could lead to cost escalation.

On the social front, occupational and workforce health & safety management are of primary importance to this industry given the nature of operations. The policies on responsible procurement and handling of waste is important. Any increase in pollution levels is likely to create social unrest and political pressures. As thermal power plants also generate large amount of employment in local communities and are susceptible to unionization

of labour force, managing social welfare of the local community is critical. RPL engages the local community for various services required namely car rentals, regular maintenance of various equipments, manpower supply etc. The company also ensures 100% utilisation of fly ash generated due to burning of coal and utilisation of raw water used in the generation process towards other processes within plant facility.

On the governance front, the company has adopted requirement of Corporate Governance from Provision of Companies Act 2013 and SEBI (LODR) Regulations 2015. The board of directors comprises of professionals having expertise and experience in various filed such as construction, finance, banking, regulatory affairs, administration and management and technical operations of power plants. Hence, diverse board of directors ensures pooling of knowledge and balanced Board. An audit committee, comprising of 3 members has also been constituted by board. The two of them are independent directors and the third is promoter director. The stakeholder's relationship committee has been constituted to assist the board in safeguarding the interests of and redressing the grievances of the security holders of the company.

Rating Sensitivities

- Recovery of regulatory receivables within expected tenure to avoid further elongation of working capital cycle
- Deterioration in PAF and PLF levels

Liquidity Position Adequate

The company has an adequate liquidity position, with sufficient net cash accruals against maturing debt obligations. The adequate liquidity position of the company is supported by the cash flows received from the regulatory receivables, which helped the company to pre-pay their debt. The company generated NCAs of Rs. 454.58 Cr. in FY2024. The net cash accruals are expected to remain in the range of Rs. 350 to 550 Cr. for FY2025 – FY2026. The company is also maintaining DSRA of Rs. 50.00 Cr. The current ratio stood at 1.73 times on March 31, 2024 as against 1.49 times on March 31, 2023. The unencumbered cash and bank balance of the company stood at Rs 23.83 Cr. as on March 31, 2024.

Outlook: Stable

Other Factors affecting Rating None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	3364.00	3231.16
PAT	Rs. Cr.	(1027.91)	332.65
PAT Margin	(%)	(30.56)	10.30
Total Debt/Tangible Net Worth	Times	0.78	0.69
PBDIT/Interest	Times	1.77	2.08

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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 Nov 2024	Bank Guarantee (BLR)	Short Term	250.00	ACUITE A3 (Upgraded & Withdrawn from ACUITE A4+)
	Non-Convertible Debentures (NCD)	Long Term	375.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Non-Convertible Debentures (NCD)	Long Term	240.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Non-Convertible Debentures (NCD)	Long Term	410.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Proposed Long Term Bank Facility	Long Term	109.01	ACUITE Not Applicable (Withdrawn)
	Proposed Cash Credit	Long Term	700.99	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	100.00	ACUITE Not Applicable (Withdrawn)
	Proposed Non Convertible Debentures	Long Term	325.00	ACUITE Not Applicable (Withdrawn)
31 May 2024	Bank Guarantee (BLR)	Short Term	250.00	ACUITE A4+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	109.01	ACUITE BB+ Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	700.99	ACUITE BB+ Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	375.00	ACUITE BB+ Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	240.00	ACUITE BB+ Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	410.00	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	100.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	325.00	ACUITE Provisional BB+ Stable (Reaffirmed)
05 Sep 2023	Bank Guarantee (BLR)	Short Term	250.00	ACUITE A4+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	109.01	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Proposed Cash Credit	Long Term	700.99	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Non-Convertible Debentures (NCD)	Long Term	375.00	ACUITE BB+ Stable (Assigned)
	Non-Convertible Debentures (NCD)	Long Term	240.00	ACUITE BB+ Stable (Assigned)
	Non-Convertible Debentures (NCD)	Long Term	410.00	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	100.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Proposed Non Convertible Debentures	Long Term	325.00	ACUITE Provisional BB+ Stable (Upgraded from ACUITE Provisional BB Stable)
12 May 2023	Bank Guarantee (BLR)	Short Term	250.00	ACUITE A4+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	209.01	ACUITE BB Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	700.99	ACUITE BB Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	1350.00	ACUITE Provisional BB Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	250.00	ACUITE A4+ (Downgraded from ACUITE A3)

30 Dec 2022	Proposed Long Term Bank Facility	Long Term	209.01	ACUITE BB Negative (Downgraded from ACUITE BBB- Negative)
	Proposed Cash Credit	Long Term	700.99	ACUITE BB Negative (Downgraded from ACUITE BBB- Negative)
06 May 2022	Bank Guarantee (BLR)	Short Term	150.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	100.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	209.01	ACUITE A3 (Reaffirmed)
	Proposed Cash Credit	Long Term	700.99	ACUITE BBB- Negative (Reaffirmed)
30 Jan 2021	Bank Guarantee (BLR)	Short Term	209.01	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	150.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	100.00	ACUITE A3 (Assigned)
	Proposed Long Term Bank Facility	Long Term	700.99	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE399K07113	Non-Convertible Debentures (NCD)	22 Jun 2023	10.00	31 Dec 2026	375.00	Simple	ACUITE BBB- Stable Reaffirmed
Not Applicable	INE399K07105	Non-Convertible Debentures (NCD)	22 Jun 2023	16.67	31 Dec 2025	240.00	Simple	ACUITE BBB- Stable Reaffirmed
Not Applicable	INE399K07097	Non-Convertible Debentures (NCD)	22 Jun 2023	12.28	31 Dec 2024	410.00	Simple	Not Applicable/Withdrawn

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