

Press Release

TELANGANA POWER GENERATION CORPORATION LIMITED (ERSTWHILE TELANGANA POWER GENERATION CORPORATION LIMITED)

February 02, 2026



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4300.00	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	200.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	4500.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has reaffirmed its long-term rating of '**ACUITE BBB+**' (read as **ACUITE Triple B plus**) and its short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.4500 Cr. bank facilities of Telangana Power Generation Corporation Limited (Erstwhile Telangana State Power Generation Corporation Limited)(TGGENCO). The outlook is '**Stable**'.

Rationale for rating:

The reaffirmation of rating considers the moderation in operating performance due to delay in commencement of the capex related to Yadadri Thermal Power Station, the revenue expected improvement over the medium-term due to ramp up of the capacities and expected revision in tariffs. The rating continues to draw support from the Government of Telangana (GOT)'s full ownership of TGGENCO and its strategic importance in meeting the state's electricity requirements and stable, regulated business model under a cost-plus tariff framework. The rating also reflects adequate liquidity supported by state backing and steady receipts from Discoms. However, the rating is constrained by the below average financial risk profile, dependence on financial health of state Discoms and vulnerability to regulatory delays.

About the Company

Telangana Power Generation Corporation Limited (TGGENCO) is fully owned by Government of Telangana (GOT) is established in 2014 as per AP reorganization act, 2014 by transfer of power projects located in newly formed Telangana state. TGGENCO serves power generation requirement in Telangana state and has an installed capacity of 8822.76MW. The present directors of the company are Dr. S. Harish I.A.S, Mr. Navin Mittal I.A.S, Mr. Yerrababu Rajasekhara Reddy, Mr. Vivekananda Kumar Raju Saripalli, Mr. Veera Mahender Gorityala, Mr. Aindala Ajay, Mr. P Bala Raju and Ms. B Nagya, IRTS. The registered office of the company is in Hyderabad.

Unsupported Rating

ACUITE BB+/Stable

Acuité has taken the standalone view on the business and financial risk profile of Telangana power generation corporation limited. Acuité has also factored in benefits emanating from the ownership by Government of Telangana (GoT) financial support to TGGENCO is in the form of its 100 per cent ownership

Key Rating Drivers

Strengths

Strategic importance to Government of Telangana (GOT)

TGGENCO is a wholly owned entity of Government of Telangana (GoT) and holds a strategic importance to GoT. Company caters to power requirements of the state with total installed capacity of 8822.76 MWs comprising of thermal, hydel and solar power stations. Company has long term Power purchase agreements (PPA) with Discoms of Telangana and Karnataka to supply its entire power generation with tariff regulated by Telangana electricity regulatory commission (TGERC). Company is mandated to ensure the generation of power from its installed capacities and supply the same to discoms.

Acuite believes that TGGENCO being a 100 percent undertaking of GOT, shall continue to benefit from the financial, operational and management support from GOT. Any change in ownership pattern or any event that impinges GOT's overall credit profile shall remain key rating sensitivity.

Limited fuel supply risk aided by proximity to coal belt region

The company has a fuel supply arrangement with Singareni Collaries company limited (SCCL) and has its own captive mines. During FY2025, SCCL has supplied 29.17 MMT of coal out of total consumption of 31.67 MMT and 2.50MMT was from captive mines located at Tadicherla, Bhupalapalli district, Telangana state. Captive mines primarily supplies fuel to KTPP 2 (600MWs) and other power plants procure fuel through SCCL. Being located in coal belt region thermal power plants of TGGENCO has inherent advantage of low fuel supply risk, as all the power plants are located within 50 kilometres distance from coalmines.

Low demand risk aided by long term PPA arrangements

The Company has entered into PPA (power purchase agreements) with TGNPDCL (Telangana state northern power Distribution Corporation), TGSPDCL (Telangana state southern power Distribution Corporation) and KPCL (Karnataka Power Corporation) for complete sale of power generated by TGGENCO. TGNPDCL and TGSPDCL are also fully owned by GoT. Tariff rates are determined by TGERC (Telangana state electricity regulatory commission). All the power plants of TGGENCO has long term PPA with state discoms with a regulated tariff structure mandated by state electricity regulatory commission, ensuring offtake of power and stable revenue visibility. Even during the period of lower scheduling by the DISCOMs, TGGENCO continues to receive fixed charges, thereby limiting the impact of demand variations on its cash flows.

Moderation in operating performance during FY2025 due to lower plant availability, however, recovery expected in FY2026:

TGGENCO registered revenue of Rs.15,009.05Cr in FY2025 (Prov.) as against Rs.16416.88Cr registered in FY2024. The moderation in revenue is due to lower grid requirement and lower plant availability. During the H1FY2026, the company registered revenue of Rs.8,990.17 Cr against Rs.7355.47 Cr registered in H1FY2025 and expected to close the year with the revenue of Rs.22,000-22,500Cr primarily due to increase power generation capacity with 1 & 2 Yadadri Thermal Power plants becoming operational in January & July 2025 (earlier expected to be fully operational by May 2024), with expected addition of 3rd & 4th unit during the Q4FY2026. The operating profit margin has declined to 25.69 percent in FY2025 (Prov.) from 27.24 percent in FY2024. The PAT margin declined to 0.83 percent in FY2025 (prov.) from 2.46 percent in FY2024 primarily due to lower other income, which previously included sale of assets related to Kothagudem Thermal Power station- ABC plants. During the H1FY2026, TGGENCO

registered operating profit margin of ~32 percent and PAT margin of ~4 percent against operating profit margin of ~28 percent and PAT margin of ~2 percent registered during H1FY2025. Acuite expects the operating performance of TGGENCO will improve further in the medium term on account of fully operationalization of the new 4000MW thermal power plant, while margins are expected to improve due expected improvement in operating efficiencies.

Weaknesses

Below financial risk profile:

TGGENCO's financial risk profile is below average, marked by healthy net worth, high gearing and below average debt protection metrics. The company's net worth stood at Rs.7089.66Cr as on March 31, 2025 (Prov.) against Rs.6944.35Cr as on March 31, 2024. The improvement in net worth is due to accretion of profits to reserves during the period. The overall debt levels (comprising long-term debt of Rs.30,406.69Cr, short-term debt of Rs.90.00Cr, unsecured loans of Rs.0.01Cr and current maturities of long-term debt of Rs.1891.50Cr) remained high at Rs.32,388.20Cr, resulting in high gearing of 4.57 times as on March 31, 2025 (Prov.) against 4.79 times as on March 31, 2024. Total outside liabilities to tangible net worth (TOL/TNW) stood at 8.05 times as of March 31, 2025 (Prov.). The debt protection metrics stood below average with debt service coverage ratio (DSCR) and interest coverage ratio (ICR) of 0.83 times and 0.78 times respectively as on March 31, 2025(Prov.). Debt to EBITDA stood high at 8.23 times as on March 31, 2025 (Prov.). Acuite believes that the financial risk profile of the company is likely to remain moderate over the medium term due to infusion of debt towards capex.

Intensive working capital operations:

TGGENCO's working capital operations are intensive in nature as reflected through the gross current asset (GCA) of 340 days in FY2025 (Prov.) against 310 days in FY2024. The elongation in GCA days is due to high amounts of debtors. The debtor days of the company stood at 283 days in FY2025 (Prov.) against 268 days in FY2024. Inventory days stood at 45 days in FY2025 (Prov.) against 28 days in FY2024. Despite of intensive working capital operations, the fund based working capital limits remained unutilized over the past 12 months ending September, 2025. Acuite believes, the working capital operations of the company will remain intensive over the medium term on account of high debtor days.

Regulated nature of operations

The revenues are influenced by the regulatory framework governing the power sector. Revenues of companies such as TGGENCO are determined by Telangana Electricity Regulatory Commission (TGERC). The company operates through a cost-plus return on equity model laid down by TGERC. Any significant delays in tariff approvals or a reduction in return on equity or a tightening of the TGERC norms could result in lower operating cash flows. Acuite believes that any significant change in the regulatory environment will impinge on the credit profile of the company.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

TGGENCO is the sole power generation company, fully owned by Government of Telangana (GoT). TGGENCO requires continuous upgradation and renovation of its generation equipment, which requires significant amount of debt. GoT extends support to TGGENCO by debt arrangement and prioritizes repayment from DISCOMs. Further, GoT also extends its support by way of providing guarantee to few loans availed by TGGENCO.

Stress scenario:

Acuite believes that the support from the GoT will continue in the form of arrangement of loans even in stress scenario.

ESG Factors Relevant for Rating

TGGENCO is exposed to environmental risks related to carbon emissions, regulatory tightening

and requirements for pollution-control investments. The corporation is gradually expanding its renewable portfolio, which partly mitigates long-term transition risks. Social risks remain moderate, given TGGENCO's role as a state-owned utility providing essential power supply and its strong labour relations. Governance risks are also moderate, supported by its status as a government entity with established oversight, although reliance on timely tariff orders and regulatory clarity remains important for operational stability.

Rating Sensitivities

- Credit profile of Government of Telangana.
- Significant improvement in scale of operations while maintaining profitability
- Improvement in working capital operations.
- Any deterioration in financial risk profile.

Liquidity position: Adequate

Despite of having insufficient net cash accruals, TGGENCO's liquidity position is adequate due to the presence of guarantee by the state government of Telangana on the loans of TSGENCO. The company has registered NCA's of Rs.930.81Cr in FY2025 (Prov.), which was insufficient to meet the debt repayment obligations of Rs.2149.58Cr. Going forward the company is expected to register NCA' in the range of Rs.1880-3600Cr over the medium term which would be sufficient to meet the debt repayment obligations range of Rs.2150-2600Cr. The working capital operations are intensive with GCA of 340 days in FY2025 (Prov.). The current ratio remained below average at 0.57 times as on March 31, 2025 (prov.). The working capital limits remained unutilized over the past 12 months ending September 2025. Additionally, TGGENCO also have Rs.189.17Cr of unencumbered cash and bank balances as on March 31, 2025 (Prov.), providing additional comfort towards liquidity. Acuite believes that the liquidity position of the company will remain adequate over the medium term on account of state government's guarantee on loans availed by TGGENCO and sufficient cash accruals against repayment obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	15009.05	16416.88
PAT	Rs. Cr.	124.14	404.19
PAT Margin	(%)	0.83	2.46
Total Debt/Tangible Net Worth	Times	4.57	4.79
PBDIT/Interest	Times	0.78	1.00

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>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- State Government Ratings : <https://www.acuite.in/view-rating-criteria-26.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
18 Nov 2024	Bank Guarantee (BLR)	Short Term	200.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	300.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	250.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	239.56	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	281.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	613.64	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1315.80	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	150.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	250.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	200.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	150.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	300.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	250.00	ACUITE BBB+ Stable (Reaffirmed)
21 Aug 2023	Bank Guarantee (BLR)	Short Term	200.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	300.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	250.00	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	21.90	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	278.22	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	385.41	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	426.98	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	859.57	ACUITE BBB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	727.92	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	150.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	250.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	200.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	150.00	ACUITE BBB+ Stable (Assigned)
		Long		ACUITE BBB+ Stable

	Proposed Cash Credit	Term	300.00	(Assigned)
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Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	200.00	Simple	ACUITE A2 Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	300.00	Simple	ACUITE BBB+ Stable Reaffirmed
Bank Of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	250.00	Simple	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE BBB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	250.00	Simple	ACUITE BBB+ Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	200.00	Simple	ACUITE BBB+ Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE BBB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	300.00	Simple	ACUITE BBB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1900.20	Simple	ACUITE BBB+ Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	18 Jan 2024	Not avl. / Not appl.	18 Jan 2029	203.04	Simple	ACUITE BBB+ Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	31 Jul 2021	Not avl. / Not appl.	31 Jul 2026	93.72	Simple	ACUITE BBB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	30 Nov 2021	Not avl. / Not appl.	30 Nov 2026	135.14	Simple	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	24 Jul 2022	Not avl. / Not appl.	24 Jul 2027	367.90	Simple	ACUITE BBB+ Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. no	Name of the company
1	Telangana Power Generation Corporation Limited
2	Government of Telangana

Contacts

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About Acuité Ratings & Research

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