RattanIndia Power Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	RattanIndia Power operates as a distressed single-asset utility with 100% revenue concentration in a single customer (MSEDCL), leaving it with zero pricing power and high logistics bottlenecks.	□Negative
2	Revenue declined by 8.9% YoY to □2,991 Cr, while trade receivables have ballooned to 92.2% of revenue (□2,757 Cr), indicating a severe failure in cash realization.	□Negative
3	While the plant maintained a high availability factor of 88%, the ROCE of 6% is drastically lower than the 20% cost of debt, resulting in significant value destruction.	□Negative
4	Reported PAT of □52 Cr is entirely synthetic and of poor quality, as other income (□354 Cr) from regulatory accruals exceeded the total bottom line.	□Negative
5	The company is in a state of technical insolvency with negative equity and a D/E ratio exceeding 3x, driven by a high-cost promoter debt trap.	□Negative
6	Liquidity has reached a terminal crisis point with cash reserves plummeting 94% to just □10.25 Cr against current debt maturities of □626.92 Cr.	□Negative
7	Operational efficiency showed marginal improvement as the Station Heat Rate (SHR) optimized to 2,374 kcal/kWh and coal inventory liquidation provided a □61 Cr cash swing.	□Positive
8	Reported profits are decoupled from cash flow, with □2,123 Cr of receivables currently disputed and zero provisions made against potential defaults.	□Negative
9	Governance is a critical red flag characterized by 88.6% promoter share pledges, a 35.7% hike in Chairman pay during distress, and the disabling of audit trail features.	□Negative
10	Significant value leakage is evident as 71.7% of total interest (□331 Cr) is paid to promoters, effectively consuming the entirety of operational profits.	□Negative
11	The company faces binary survival risks from a pending NCLAT appeal by RPS holders and □835 Cr in disputed tax liabilities that could trigger cross-defaults.	□Negative
12	**STANCE: AVOID.** The equity is highly speculative with the primary monitorable being the imminent exhaustion of the remaining □10 Cr cash balance.	□Negative

1. BUSINESS OVERVIEW (In Bullet Points)

- **Single-Asset Thermal Utility:** RattanIndia Power (RPL) is a single-asset utility operating the **1,350 MW Amravati Thermal Power Plant** (5x270 MW) in Maharashtra.
- **Revenue Drivers:** Revenue is almost exclusively derived from a long-term Power Purchase Agreement (PPA) with the Maharashtra State Electricity Distribution Company Limited (**MSEDCL**).
- **Merchant Exposure:** Negligible merchant upside; sold only 22.19 Million Units (MUs) through the Indian Energy Exchange (IEX) generating □16.38 Cr, confirming 99%+ reliance on MSEDCL's credit and offtake.

- **Fuel Security:** Supported by a long-term Fuel Supply Agreement (FSA) with South Eastern Coalfields Limited (SECL).
- **Operational Metrics:** The plant achieved a **Plant Availability Factor (PAF) of 88%** and a **Plant Load Factor (PLF) of 82%**, critical for fixed capacity charge recovery.
- **Cost Drivers:** Fuel consumption is the primary cost, with a "Station Heat Rate" (SHR) of 2,374 kcal/kWh.
- **Logistical Bottlenecks:** Relies on "road mode" for 20% of coal requirements to offset rail shortfalls, leading to higher landed fuel costs and margin erosion.
- **Geographical Presence:** Core operations concentrated in Maharashtra; the Sinnar plant (STPL) remains deconsolidated and treated as an "accounting divorce."
- **Expansion Plans:** No plans for physical capacity expansion; strategic focus is strictly on "operational sweating" and regulatory compliance (Emission Monitoring and Fly Ash management).

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management vision emphasizes "discipline" and "operational resilience," while attempting to rebrand the company through "new-age technology" and "innovation" narratives.
- Strategic focus is heavily placed on regulatory advocacy and litigating "Change in Law" claims to recover historical costs.
- Management highlights a Supreme Court remand (December 2025) to APTEL regarding compound interest on carrying costs as a primary growth lever.
- The appointment of **Mr. Dhruv Rattan Nashier** (son of the Executive Chairman) as Vice President is framed as a strategic move to lead AI-driven innovation and process efficiencies.
- Outlook on Indian power demand remains bullish, citing peak demand hits of 270.82 GW and viewing the **Electricity (Amendment) Bill 2025** as a positive catalyst for PPA bankability.
- Management acknowledges fuel supply risks due to Coal India production shortfalls, relying on the **Revised SHAKTI Policy 2025** to bridge gaps.
- Regarding the Section 7 IBC application filed by a Redeemable Preference Share (RPS) holder, management maintains the appeal in the **NCLAT** is "not maintainable" and expects no material impact.
- Management Tone: Promotional regarding operational metrics and the broader macro story, yet highly legalistic and defensive regarding capital structure, RPS redemption, and related-party appointments. There is a distinct "promotional" shift toward technology and AI narratives, which appears to be a smokescreen to distance the company from its distressed utility roots and justify promoter family integration during technical insolvency.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in   Crores. Use these numbers directly.

Basis: CONSOLIDATED.

P&L Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Sales -	2,991.00	3,284.00
Sales Growth %	-8.91	-2.38
Expenses -	2,586.00	2,699.00
Manufacturing Cost %	77.00	75.00
Employee Cost %	2.00	2.00
Other Cost %	7.00	5.00
Operating Profit	405.00	585.00
OPM %	14.00	18.00
Other Income -	355.00	357.00
Exceptional items	0.00	0.00
Other income normal	355.00	357.00
Interest	461.00	479.00
Depreciation	246.00	241.00
Profit before tax	52.00	222.00
Tax %	0.00	0.00
Net Profit -	52.00	222.00
Minority share	0.00	0.00
Exceptional items AT	0.00	0.00
Profit excl Excep	52.00	222.00
Profit for PE	52.00	222.00
Profit for EPS	52.00	222.00
Profit Growth %	-76.00	113.00
EPS in Rs	0.10	0.41
Dividend Payout %	0.00	0.00

Balance Sheet (□Crores)

Line Item	Mar 2026	Mar 2025
Equity Capital	5,370.00	5,370.00
Reserves	-732.00	-785.00
Borrowings -	3,711.00	3,615.00
Long term Borrowings	2,728.00	3,262.00
Short term Borrowings	909.00	277.00
Lease Liabilities	73.00	75.00
Preference Capital	0.00	377.00
Other Borrowings	0.00	-377.00
Other Liabilities -	1,265.00	1,596.00
Non controlling int	0.00	0.00
Trade Payables	154.00	173.00
Advance from Customers	0.00	0.00
Other liability items	1,111.00	1,424.00
Total Liabilities	9,613.00	9,796.00
Fixed Assets -	6,103.00	6,253.00
Land	0.00	380.62
Building	0.00	353.40
Plant Machinery	0.00	7,284.68
Equipments	0.00	10.01
Computers	0.00	5.22
Furniture n fittings	0.00	6.75
Railway sidings	0.00	565.40
Vehicles	0.00	11.83
Intangible Assets	0.20	0.00
Other fixed assets	0.00	6.38
Gross Block	0.00	8,624.29
Accumulated Depreciation	0.00	2,371.57
CWIP	21.00	65.00
Investments	0.00	0.00
Other Assets -	3,489.00	3,478.00
Inventories	202.00	263.00
Trade receivables -	2,757.00	2,435.00
Receivables over 6m	0.00	1,581.00
Receivables under 6m	0.00	854.00
Prov for Doubtful	0.00	0.00
Cash Equivalents	75.00	363.00

Line Item	Mar 2026	Mar 2025
Loans n Advances	216.00	13.00
Other asset items	238.00	404.00
Total Assets	9,613.00	9,796.00

Cash Flow Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Cash from Operating Activity -	372.00	410.00
Profit from operations	733.00	893.00
Receivables	-322.00	-371.00
Inventory	61.00	-25.00
Payables	-14.00	16.00
Loans Advances	0.00	0.00
Other WC items	-96.00	-103.00
Working capital changes	-372.00	-483.00
Direct taxes	11.00	1.00
Cash from Investing Activity -	66.00	87.00
Fixed assets purchased	-78.00	-117.00
Fixed assets sold	0.00	0.00
Capital WIP	0.00	0.00
Investments purchased	0.00	0.00
Investments sold	0.00	0.00
Interest received	33.00	55.00
Dividends received	0.00	0.00
Invest in subsidiaries	0.00	0.00
Redemp n Canc of Shares	0.00	0.00
Inter corporate deposits	0.00	0.00
Other investing items	111.00	148.00
Cash from Financing Activity -	-605.00	-440.00
Proceeds from shares	0.00	0.00
Proceeds from borrowings	282.00	0.00
Repayment of borrowings	-510.00	-334.00
Interest paid fin	-367.00	-98.00
Financial liabilities	-10.00	-8.00
Other financing items	0.00	0.00
Net Cash Flow	-168.00	57.00
Free Cash Flow	294.00	293.00
CFO/OP	89.00	70.00

Key Ratios (₹Crores)

Line Item	Mar 2026	Mar 2025
Debtor Days	336.00	271.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	336.00	271.00
Working Capital Days	212.00	198.00
ROCE %	6.00	9.00

3.2 Financial Analysis Summary

- **Revenue** from operations declined by 8.91% to **₹2,991.36 Cr**, while **Trade Receivables** surged by 13.23% to **₹2,757.39 Cr**, resulting in receivables representing **92.18%** of annual turnover.
- **EBITDA** margin deteriorated significantly from **17.8%** to **13.5%**, driven by **Manufacturing Costs** (Fuel) consuming **77%** of sales, with **Coal Consumed** costing **₹2,257.03 Cr**.
- **Net Profit** of **₹52.44 Cr** is entirely reliant on **Other Income** of **₹354.70 Cr**, of which **₹308.88 Cr** (87%) consists of non-cash "Late Payment Surcharges" from MSEDCL; without these regulatory accruals, core operations are heavily loss-making.
- **Finance Costs** of **₹461.43 Cr** reflect massive value leakage, with **₹331.21 Cr** (71.7% of total interest) paid on **Inter-Corporate Deposits (ICDs)** to RR Infralands Private Ltd, contributing to a **Net Worth** deficit (Reserves at **-₹732.40 Cr**).
- **Cash and Cash Equivalents** plummeted by **94.27%** to **₹10.25 Cr**, creating an acute liquidity crisis as **Current Maturities of Long-term Debt** spiked 126% to **₹626.92 Cr**.
- The **Cash Conversion Cycle** ballooned to **336 days** due to the inability to collect from MSEDCL, causing **Working Capital Changes** to absorb **₹372.00 Cr**, leading to a **Net Cash Flow** of **-₹168.00 Cr**.
- **ROCE** fell to **6%**, significantly below the cost of debt, while **Fixed Assets** of **₹6,103.00 Cr** remain heavily collateralized to secure **Borrowings**.
- **Other Expenses** include a **₹38.24 Cr Provision for Impairment** and a 7.6x increase in **Loss on Forex Transactions** to **₹7.14 Cr**, indicating unhedged exposure to foreign capital creditors.
- **Other Financial Liabilities** show a massive drop in "Interest Accrued but not due" from **₹247.24 Cr** to **₹4.99 Cr**, suggesting interest on promoter loans was either paid out or capitalized during the year.
- Management restricted **Deferred Tax Assets** on **₹468.35 Cr** of losses, signaling a lack of "virtual certainty" regarding future **PAT** sustainability.
- The dominant financial theme of the year is **Technical Insolvency and Liquidity Exhaustion**, where synthetic regulatory income masks deep operating losses and a debt-servicing crisis.

3.3 Contingent Liabilities & Commitments

- **Direct Tax Disallowances: ₹835.30 Cr** currently pending in the High Court; an adverse ruling would wipe out the remaining equity.
- **BHEL Arbitration: ₹115.00 Cr** interim award against the company, currently under appeal.
- **GST Compensation Cess: ₹50.32 Cr** dispute stayed by the High Court.
- **Bank Guarantees: ₹54.96 Cr** relating to LOA cancellations, currently stayed.
- **L&T Arbitration: ₹16.50 Cr** award challenged by the company.

• **Capital Commitments:** **□276.53 Cr** for ongoing projects/maintenance.

3.9 Earnings Quality & Forensic Checks

Read	Question	Verdict	Confidence	Checked
1	Is the growth real?	***FLAG***	high	6/6
2	Does profit become cash?	***FLAG***	high	5/5
3	Is the P&L being manufactured?	***FLAG***	high	6/6
4	Is value leaving to insiders?	***FLAG***	high	6/6
5	Can the balance sheet take a hit?	***FLAG***	high	5/5

Read 1 — Is the growth real? → FLAG

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Receivables growth vs sales growth	Rs 2,435.00 Cr	Rs 2,757.00 Cr	13.22% increase in receivables vs 8.91% decline in sales	□FLAG	Receivables represent 92.17% of total revenue, indicating extreme lack of cash collection (p. 228)	Note WORKING CAPITAL DEEP DIVE
Receivables ageing / ECL provisioning	Rs 0.00 Cr	Rs 0.00 Cr	no change	□FLAG	Rs 2,123.78 Cr of receivables are disputed (77% of total), yet ECL provision remains Nil (Note 12, p. 143)	Note 12, p.143
Unbilled revenue, contract assets, deferred revenue	Rs 0.00 Cr	Rs 172.26 Cr	newly recognized	□WATCH	Adds 5.76% to revenue from management estimates of 'Change in Law' claims (p. 228)	Note REVENUE ANALYSIS
Revenue from related parties as % of revenue	not disclosed	not disclosed	n/a	□ UNRESOLVED	n/a	Note 37, p.156
Customer concentration	99.39%	99.99%	60 bps increase	□WATCH	Near-total reliance on a single customer (MSEDCL) creates absolute counterparty risk (Note 12, p. 143)	Note 12, p.143
Advances from customers trend	Rs 0.00 Cr	Rs 0.00 Cr	no change	□CLEAN	n/a	Note Balance Sheet

Mechanism: Revenue is declining while trade receivables are growing, driven by the aggressive accrual of disputed 'Change in Law' claims and late payment surcharges that are not resulting in cash inflows. **Aggregate impact:** Total receivables of Rs 2,757.39 Cr (92% of revenue) are largely disputed (Rs 2,123.78 Cr) and supported by zero ECL provisions. **Direction:** deteriorating · **Watch next:** Allowance for credit loss on trade receivables · **Corroborates:** profit_to_cash

Read 2 — Does profit become cash? → FLAG

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
CFO vs clean EBITDA (cash conversion)	0.70	0.89	1900 bps improvement	□ CLEAN	n/a	Note Cash Flow Statement
Pre-tax operating conversion (CFO + tax paid) / EBITDA	0.70	0.94	2400 bps improvement	□ CLEAN	CFO includes Rs 11.32 Cr tax refund (p. 125)	Note Cash Flow Statement
Inventory absorption of operating cash	Rs -25.00 Cr	Rs 61.00 Cr	Rs 86.00 Cr inflow swing	□ CLEAN	Liquidation of coal and stores inventory provided Rs 61 Cr to operating cash flow (p. 0)	Note Cash Flow Statement
Working-capital movement	Rs -483.00 Cr	Rs -372.00 Cr	Rs 111.00 Cr lower drag	□ WATCH	Massive receivable build of Rs 322 Cr (p. 0) continues to drain cash, offset only by inventory liquidation.	Note Cash Flow Statement
Cash tax paid vs book tax	Rs 1.00 Cr vs Rs 0.00 Cr	Rs 11.00 Cr refund vs Rs 0.00 Cr	Net refund increased	□ CLEAN	n/a	Note Cash Flow Statement

Mechanism: While cash conversion ratios improved on paper, this was achieved by liquidating inventory (Rs 61 Cr) rather than collecting receivables, which remain a massive drag (Rs 322 Cr). **Aggregate impact:** Operational cash flow is insufficient to cover finance costs (Rs 461.43 Cr), leading to a cash depletion from Rs 177.83 Cr to Rs 10.25 Cr. **Direction:** deteriorating · **Watch next:** Total Cash and cash equivalents · **Corroborates:** revenue_real, bs_stress

Read 3 — Is the P&L being manufactured? → FLAG

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Exceptional items and their effect on PBT	Rs 0.00 Cr	Rs 0.00 Cr	no change	□ CLEAN	n/a	Note P&L Statement
Non-operating / other income as % of PBT	160.8%	676.4%	515.6 percentage point increase	□FLAG	Other income of Rs 354.70 Cr is 6.7x the PBT of Rs 52.44 Cr (p. 122)	Note Consolidated P&L, p.122
Deferred tax movement and cash-vs-book tax	Rs 0.00 Cr	Rs 0.00 Cr	no change	□ WATCH	Company restricted Rs 468.35 Cr of DTA recognition due to lack of certainty of future profits (Note 18, p. 148)	Note 18, p.148
Provision reversals credited to income	Rs 0.09 Cr	Rs 4.77 Cr	Rs 4.68 Cr increase	□ WATCH	Adds 9% to PBT (p. 152)	Note 28, p.152
Depreciation policy / useful-life change	not disclosed	not disclosed	n/a	□ CLEAN	n/a	Note 2, p.128
Valuation-method or accounting-policy change	not disclosed	not disclosed	n/a	□ CLEAN	n/a	Note 2, p.128

Mechanism: The reported PBT is entirely manufactured through non-operating 'Other Income'—specifically Rs 308.88 Cr of Late Payment Surcharges on disputed receivables. Without this non-cash accrual, the core business is deeply loss-making. **Aggregate impact:** Core operating loss (PBT minus Other Income) is Rs -302.26 Cr. **Direction:** deteriorating · **Watch next:** Late Payment Surcharge income in Other Income · **Corroborates:** revenue_real

Read 4 — Is value leaving to insiders? → FLAG

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Related-party transaction quantum and trend	Rs 302.46 Cr (Interest)	Rs 331.21 Cr (Interest)	9.5% increase in interest payout to promoters	□FLAG	Interest on promoter ICDs (Rs 331.21 Cr) consumes 81.7% of Operating Profit (p. 231)	Note EXPENSE ANALYSIS
New related-party counterparties this year	none	none	n/a	□ CLEAN	n/a	Note 37, p.156
KMP / director remuneration vs PAT	Rs 6.35 Cr vs Rs 222 Cr	Rs 8.62 Cr vs Rs 52 Cr	Remuneration rose 35.7% while PAT fell 76.5%	□FLAG	Chairman's pay is 16.4% of total PAT (p. 231)	Note RELATED PARTY TRANSACTIONS
Loans, advances or guarantees to group entities	Rs 250.00 Cr	Rs 250.00 Cr	no change	□FLAG	Rs 250.00 Cr interest-free ICD remains outstanding to subsidiary Poena Power while the company pays ~13% on its own debt (p. 217)	Note 7, p.217
Promoter pledge / encumbrance	not disclosed	2,097,598,310 shares	n/a	□ WATCH	Massive promoter share pledge supports company debt (p. 225)	Note DEBT & LEASE LIABILITY ANALYSIS
CSR spend and shortfall	Rs 0.06 Cr	Rs 0.03 Cr	Rs 0.03 Cr decrease	□ CLEAN	No statutory requirement due to lack of profits (p. 161)	Note 33, p.161

Mechanism: The company is a vehicle for interest leakage to the promoter (RR Infralands), with interest expenses on promoter ICDs consuming nearly all operating profit. Simultaneously, the company lends Rs 250 Cr interest-free to a subsidiary while paying high rates to the promoter. **Aggregate impact:** Net value leakage via interest and KMP pay exceeds Rs 340 Cr annually. **Direction:** deteriorating · **Watch next:** Interest rate on Inter-Corporate Deposits from RR Infralands · **Corroborates:** bs_stress

Read 5 — Can the balance sheet take a hit? → FLAG

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
CWIP ageing and stalled projects	Rs 45.48 Cr (>3 yrs)	Rs 20.26 Cr (>3 yrs)	Rs 25.22 Cr reduction via capitalization	□ WATCH	Projects stalled due to 'supply chain/labour force disruptions' (Note 4A, p. 215)	Note 4A, p.215
Dividend vs free cash flow	Rs 0.00 Cr vs Rs 293 Cr	Rs 0.00 Cr vs Rs 294 Cr	no change	□ CLEAN	n/a	Note Cash Flow Statement
Contingent liabilities vs net worth	Rs 950.30 Cr	Rs 1,017.12 Cr	7% increase	□FLAG	Contingent liabilities of Rs 1,017.12 Cr (p. 234) represent 21.9% of Net Worth; Tax risks alone (Rs 835.30 Cr) are significant.	Note CONTINGENT LIABILITIES & COMMITMENTS
Borrowing terms, security, covenants	Rs 277.19 Cr (Current Maturity)	Rs 626.92 Cr (Current Maturity)	126% increase in near-term debt obligations	□FLAG	Current debt obligations (Rs 626.92 Cr) are 61x the available cash (Rs 10.25 Cr) (p. 225)	Note DEBT & LEASE LIABILITY ANALYSIS
Encumbered assets / title deeds not in company name	not disclosed	Rs 3.37 Cr	n/a	□ WATCH	Land parcels remain in the name of past owners since 2019 (Note 4, p. 140)	Note 4, p.140

Mechanism: The balance sheet is under acute liquidity stress, with current debt maturities (Rs 626.92 Cr) dwarfing cash reserves (Rs 10.25 Cr). This is compounded by high contingent liabilities and an auditor-identified failure in database audit trails. **Aggregate impact:** Liquidity gap (Current Maturity minus Cash) is Rs 616.67 Cr, creating total dependence on promoter support or refinancing. **Direction:** deteriorating · **Watch next:** Current maturities of non-current borrowings · **Corroborates:** profit_to_cash, insider_leakage

Material notes captured

Note	Discloses	Prior	This year	Impact	Signal
AUDITOR NOTES (p.261)	***Accounting software did not have an enabled audit trail (edit log) feature at the database level.***	not disclosed	Violation of Rule 3(1) of Companies (Accounts) Rules, 2014	High risk of unauthorized manual data changes without a digital footprint.	negative
15 (p.224)	***Redeemable Preference Shares (RPS) of Rs 250 Cr could not be redeemed despite 'sufficient cash' due to statutory limitations (accumulated losses).***	Rs 250.00 Cr	Rs 250.00 Cr	Ongoing dispute/ negotiation with RPS holders over settlement options.	negative
12 (p. 143)	***Disputed Receivables***	N/A	Rs 2,123.78 Cr	77% of total receivables are disputed by the customer.	negative
4 (p. 140)	***Title Deeds***	N/A	Rs 3.37 Cr	Land parcels not in company name since 2019.	negative

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit Opinion Type:** Unmodified (p. 38, 112). Note: Significant improvement from the "Qualified Opinion" in FY 2025. * **KAM 1: Revenue recognition and assessment of recoverability of receivables related to ‘change in law’ event claims:** The auditor identified significant judgment in estimating variable consideration and timing for claims acknowledged as revenue despite disputes with MSEDCL (p. 112). * **KAM 2: Litigation and contingent liabilities relating to Litigations:** Significant risk flagged due to the complexity and materiality of legal cases with authorities, third parties, and tax matters (p. 112). * ***Emphasis of Matter:*** **Redeemable Preference Shares (RPS) of 250.00 Cr** due in Dec 2021 remain unredeemed due to Section 55(2) limitations. An appeal is pending in the **Hon’ble NCLAT against the subsidiary PPDL** (p. 112). * ***Material Weakness:*** The **audit trail (edit log) feature was not enabled at the database level** for the Holding Company's accounting software to log direct data changes (p. 117, 182, 261). * **Auditor Change:** Recommendation to appoint **M/s T R Chadha & Co. LLP** for a 5-year term starting FY 2026-27 following the completion of M/s Walker Chandiok & Co LLP's term (p. 38).

B. Related Party Transactions | Party | Relationship | Nature | Amount (Cr) | Concern | |:---|:---|:---|---:|:---| | ***RR Infralands Private Ltd*** | Entity with Signif. Influence | **Interest Expense (ICD)** | 331.21 Cr | ***High cost of capital from promoter (20%)*** | | ***RR Infralands Private Ltd*** | Entity with Signif. Influence | **Loan Balance Payable** | 2,681.80 Cr | ***Structural dependence on promoter debt*** | | ***Poena Power Dev. Ltd*** | Subsidiary | **Inter-Corporate Deposit** | 250.00 Cr | ***Interest-free loan while Holding Co pays 20%*** | | **Rajiv Rattan** | Executive Chairman | Remuneration | 8.62 Cr | **35.75% increase despite 76% profit drop** | | ***Dhruv Rattan Nashier*** | **Relative (Son)** | **Remuneration** | **0.30 Cr** | **Nepotism; AI/Innovation role in utility plant** | | **RattanIndia Enterprises Ltd** | Entity with Signif. Influence | Cost sharing/Deposit | 4.31 Cr | Normal operations |

- ***% of Revenue:*** 89.65% (Total ICDs 2,681.80 Cr / Revenue 2,991.36 Cr) → **CRITICAL FLAG**
- ***% of CFO:*** 720.91% (Total ICDs 2,681.80 Cr / CFO 372.00 Cr) → **CRITICAL FLAG**
- **Verdict:** Governance Concern Value leakage via promoter ICD interest consumes 81.78% of Operating Profit.

C. Shareholding | Holder | Mar 2026 (%) | Mar 2025 (%) | |:---|---:|---:| | **Promoters** | 44.06 | 44.06 | | **FIIs** | 5.13 | 0.14 | | **DIIs** | 6.30 | 0.04 | | **Public** | 44.51 | 55.76 | * ***Pledged Shares:*** **88.65% of Promoter Holding** (2,097,598,310 shares pledged) (p. 146).

D. Board Composition + KMP Compensation * **Total Directors:** 6 | **Independent %:** 50.00% | **Women Directors:** 1 (Mrs. Pritika Poonia). * ***Rajiv Rattan (Chairman):*** FY26 Remuneration **8.62 Cr** (Prior: 6.35 Cr), **35.75% YoY Growth**. * ***Dhruv Rattan Nashier (Son):*** Introduced as VP at **0.30 Cr** (Proposed **0.72 Cr** p.a.). * **Analysis:** Chairman pay ratio is **186.18x median pay**; median employee remuneration decreased by 0.11% while Chairman pay rose sharply despite a 30.77% decline in Operating Profit.

F. Capital Allocation & Capex | Action | FY Current (Cr) | FY Prior (Cr) | % of CFO | Signal | |:---|:---|:---|---:|:---| | ***Interest Payments*** | 367.00 Cr | 98.00 Cr | 98.66% | | | ***Repayment of Borrowings*** | 510.00 Cr | 334.00 Cr | 137.10% | | | **Capex (Fixed Assets)** | 78.00 Cr | 117.00 Cr | 20.97% | | | ***Proceeds from Borrowings*** | 282.00 Cr | 0.00 Cr | 75.81% | |

- **CAPEX Analytical Notes:**
  - **CFO Coverage:** Ratio of 4.77x. While maintenance capex is covered, debt obligations absorb all surplus.
  - **Nature:** Primarily maintenance of Units 4 and 5 to reduce Auxiliary Power Consumption.
  - **Efficiency:** Capex fell by **33.33%**, indicating potential deferral of maintenance to prioritize debt servicing.

H. Risks * ***IBC Section 7 Litigation:*** RPS holder appeal in NCLAT against subsidiary PPDL. **Potential Impact:** Could trigger cross-defaults on **3,711 Cr** debt (High Severity). * ***Customer Concentration:*** 100% of revenue from MSEDCL. **Potential Impact:** Single point of failure; payment delays halt all debt servicing (High Severity). *

Audit Trail Non-Compliance: Database-level edit logs disabled. **Potential Impact:** Risk of undetected manual overrides of financial data (High Severity). * ***Promoter Debt Trap:*** **₹2,681.80 Cr** ICDs at 20% interest. **Potential Impact:** Interest expense consumes 82% of Operating Profit (High Severity). * ***Tax Contingency:*** **₹835.30 Cr** direct tax dispute. **Potential Impact:** Adverse ruling would wipe out current Net Worth (High Severity). * ***Receivables Trap:*** **₹2,757.39 Cr** trade receivables (92% of Revenue). **Potential Impact:** Severe liquidity risk and non-cash revenue recognition (High Severity).

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	1	→	100% single-customer (MSEDCL) + 8.9% revenue decline	Single-asset, single-customer utility with zero pricing power and high logistics bottlenecks.
Financial Health	1	↓	D/E > 3x (Negative Equity) + Cash fell 94% to ₹10 Cr	Technical insolvency with acute liquidity crisis and high-cost promoter debt trap.
Earnings Quality	1	↓	Other Income (₹354 Cr) > PAT (₹52 Cr) + Receivables 92% of Rev	Profits are entirely synthetic regulatory accruals with no cash realization and audit trail failures.
Management & Governance	1	↓	88.6% Promoter Pledge + Nepotism (VP Son)	High value leakage to promoters via 20% interest and aggressive pay hikes during distress.
Capital Allocation & Earnings Visibility	1	↓	ROCE 6% vs 20% Debt Cost + 336-day cycle	Value-destructive capital structure where interest costs exceed operational returns.

BUSINESS POSITIVES (for this company this year) * □**[Plant Availability]:** Achieved a high Plant Availability Factor (PAF) of 88%, ensuring recovery of fixed capacity charges under the PPA. * □**[Operational Efficiency]:** Station Heat Rate (SHR) improved marginally to 2,374 kcal/kWh, aiding fuel efficiency. * □**[MSME Compliance]:** Maintained zero outstanding dues to MSME suppliers, indicating disciplined vendor payments at the micro level. * □**[Inventory Liquidation]:** Successfully liquidated coal and stores inventory providing a ₹61 Cr positive swing to cash flows.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**[Liquidity Crisis]:** Cash and equivalents plummeted by 94.27% to just ₹10.25 Cr against current debt maturities of ₹626.92 Cr. * □**[Receivables Trap]:** Trade receivables represent 92.18% of revenue (₹2,757.39 Cr), of which ₹2,123.78 Cr is disputed with zero provisions. * □**[Governance/Nepotism]:** Chairman's pay rose 35.7% while profit fell 76%; son appointed to "AI" role during technical insolvency. * □**[Audit Failures]:** Recurring material weakness regarding disabled audit trail (edit log) features at the database level. * □**[Terminal Legal Risk]:** Pending NCLAT appeal by RPS holder and ₹835.30 Cr tax dispute pose a binary threat to survival. * □**[Promoter Leakage]:** 71.7% of total interest (₹331.21 Cr) is paid to promoters, consuming nearly all operational profit.

OVERALL SCORECARD SUMMARY RattanIndia Power is in a state of technical insolvency, characterized by a negative net worth and a complete depletion of cash reserves. The company's reported profitability is purely synthetic, driven by regulatory accruals and late payment surcharges that do not translate into cash flow, while the core operations are heavily loss-making. Governance is a critical concern, evidenced by massive promoter share pledges, high-cost related-party debt, and the prioritization of promoter compensation and family appointments over deleveraging. The trajectory is deteriorating, as the company is now entirely dependent on promoter "evergreening" and favorable legal outcomes to remain a going concern.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unmodified (but contains Emphasis of Matter)
2	Promoter pledge = 0?	□	88.65% of promoter holding pledged
3	KMP pay < 5% of PAT?	□	Chairman pay (□8.62 Cr) is 16.4% of PAT
4	RPT quantum < 5% of revenue?	□	Related party ICDs represent 89.6% of revenue
5	Board > 50% independent?	□	50% (3 out of 6) are independent
6	At least 1 woman director?	□	Mrs. Pritika Poonia
7	No statutory dues outstanding?	□	Disputed tax and GST dues exceed □880 Cr
8	No fraud reported?	□	None reported in AR
9	Audit trail enabled?	□	Disabled at database level (Rule 3(1) violation)
10	Frequent Auditor change	□	Second term ended; new firm recommended
Final line: "Total: 4/10 □— Governance Rating: 1"			

Part C: Investor Verdict

THESIS: RattanIndia Power is a distressed single-asset utility operating as a captive financing vehicle for its promoters, where synthetic accounting profits mask a terminal liquidity crisis.

OVERALL STANCE: AVOID

RATIONALE: The combination of technical insolvency, 92% receivables-to-sales ratio, 88% promoter pledge, and significant value leakage to insiders makes the equity value highly speculative and likely worthless. RE-EVALUATE WHEN: Net Worth becomes positive AND Trade Receivables fall below 30% of Revenue. BULL CASE: Favorable Supreme Court ruling on "Change in Law" carrying costs leading to a one-time cash windfall of >□2,000 Cr. BEAR CASE: NCLAT rules against the company in the RPS holder appeal, triggering an immediate cross-default on □3,711 Cr of debt. KEY MONITORABLE: Cash balance: □10.25 Cr → Watch for total exhaustion.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Liquidity & Debt Servicing	Cash & Equivalents at □363 Cr; Current debt maturities at □277 Cr.	Cash crashed 94% to □10 Cr; Current debt maturities spiked 126% to □626 Cr.	The company has moved from a manageable liquidity position to an acute insolvency crisis where near-term obligations are 60x available cash.
Revenue Quality	Receivables represented 74% of revenue.	Receivables surged to 92% of revenue despite an 8.9% drop in sales.	The disconnect between reported revenue and cash realization has reached a critical extreme, indicating synthetic growth fueled by uncollected accruals.
Margin Trajectory	Operating Profit Margin (OPM) at 18%.	OPM contracted to 14% as fuel costs (manufacturing) rose to 77% of sales.	Operational efficiency is being swallowed by fuel cost inflation and logistical bottlenecks, reducing the buffer available to service debt.
Management Tone	Defensive stance focused on "technical insolvency" and survival.	Promotional pivot toward "AI-driven innovation" and "new-age technology."	Management is employing a technology-centric rebranding strategy to divert attention from deteriorating utility fundamentals and terminal legal risks.
Governance & Nepotism	Appointment of Chairman’s son was proposed.	Son appointed as VP; Chairman’s pay rose 35% despite a 76% collapse in PAT.	Governance has shifted from potential to actual wealth extraction by the promoter family during a period of severe financial distress.
Audit Opinion	Qualified Opinion regarding Sinnar (STPL) debt deconsolidation.	Unmodified Opinion issued, though internal control failures persist.	The removal of the audit qualification masks the underlying reality that structural risks and data integrity failures remain unresolved.

7.2 Persistent Patterns

- **Extreme Customer Concentration:** The entity remains 100% dependent on MSEDCL for revenue, maintaining a **single point of failure** for all cash inflows across both periods.
- **Predatory Related Party Financing:** Promoters continue to charge a **usurious 20% interest rate** on □2,681 Cr of debt, ensuring operational profits are siphoned to insiders rather than deleveraging the balance sheet.
- **Audit Trail Non-Compliance:** The failure to enable database-level edit logs is a recurring violation, representing a **sustained risk of unauthorized financial data manipulation**.
- **Technical Insolvency:** Consolidated reserves remain deeply negative (-□732 Cr), keeping the company in a **permanent state of balance sheet distress** regardless of accounting profits.
- **Aggressive Revenue Recognition:** Management continues to accrue "Late Payment Surcharges" and "Change in Law" claims as income, creating **synthetic profitability** that lacks cash backing.
- **Operational Excellence vs. Financial Failure:** The Amravati plant consistently maintains high availability (PAF >80%), yet these **strong asset metrics are neutralized by a value-destructive capital structure**.
- **Terminal Legal Overhang:** The Section 7 IBC application and massive tax disputes (□835 Cr) remain **binary risks that could trigger a total equity wipeout** at any moment.