

RattanIndia Power Ltd — 06 Oct 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	Short-Term: CRISIL A3 → CRISIL A3+ (1 notch upgrade) • Long-Term: NCD rating (₹11.25 Cr) Withdrawn (fully repaid)
Outlook (Current vs Previous)	Current: Not Applicable (Short-term) • Previous: Stable (assigned to withdrawn LT instruments)
Key Drivers of Change	<ol style="list-style-type: none"> Debt Extinguishment: Repayment of all long-term secured debt using internal accruals and legal recoveries (~₹1,300 Cr recovered since FY22). Interest Cost Reduction: New working capital sanction at 11.5% p.a. vs. previous high-cost debt of 14-16%, significantly boosting PAT margins. Improved Operations: Plant Availability Factor (PAF) at 82% (FY25) and PLF at 85% ensures full fixed-cost recovery from MSEDCL. Liquidity Cushion: Healthy cash balance of ₹480 Cr (including restricted cash) provides strong short-term solvency.
Rated Instruments	1. Working Capital Demand Loan: ₹300 Cr
Key Observations	<p>Strengths:</p> <ul style="list-style-type: none"> 25-year PPA with MSEDCL (till 2040) covers nearly 100% capacity. Secured fuel supply (FSA) for 6.10 MTPA with SECL (Coal India subsidiary). Debtor cycle improved from 360 days (FY21) to 199 days (Feb 2025). <p>Risks:</p> <ul style="list-style-type: none"> Litigation: Arbitral award of ₹115 Cr in favor of BHEL; pending legal battle with REC Ltd. Subordinated Debt: ₹1,450 Cr in inter-corporate deposits and RPS/OCCRPS remains on books. Counterparty Risk: High reliance on MSEDCL; ~85% of receivables are "regulatory" (disputed/law-based).
Investor Impact	<p>Growth: Limited (capacity capped), but cash flow visibility is high.</p> <p>Margins: Positive; lower interest rates (11.5%) directly accretive to EPS.</p> <p>Leverage: Massive improvement; secured debt/equity now 0.75x.</p> <p>Dilution Risk: Monitorable; OCCRPS conversion due in December 2026 could dilute equity.</p>
Agency / Cross Analysis	<p>Same Agency: Upgraded within 5 months (May to Oct 2025). Drivers shifted from "Stable performance" to "Structural debt reduction."</p> <p>Non-Cooperation: Brickwork Ratings continues to mark the entity as "Non-Cooperative," suggesting a preference by management for CRISIL's updated methodology.</p> <p>Conclusion: Clear Improvement. The transition from high-cost NCDs to bank-led working capital facilities signals a return to mainstream banking.</p>
Final Inference	Real Credit Turnaround. The upgrade confirms that RIPL has successfully pivoted from a distressed-debt profile to a cash-generative utility. The primary equity catalyst is the interest savings, while the primary risk is the 2026 equity dilution from OCCRPS conversion.