RattanIndia Power Ltd — 14 May 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	**Reaffirmed** at BBB- / A3 (0 notches moved)
Outlook (Current vs Previous)	**Stable** vs Stable
Key Drivers of Change	1. **Aggressive Deleveraging:** Secured fund-based debt reduced to ₹188 Cr (as of Feb 2025) via regulatory receipt sweeps. 2. **Regulatory Cash Inflows:** Realized ~₹1,300 Cr in regulatory receivables since FY22, significantly easing liquidity. 3. **Stable Revenue Visibility:** 25-year PPA with MSEDCL (till 2040) and 6.10 MTPA fuel linkage ensures cost recovery. 4. **Operational Resilience:** Maintained Plant Availability Factor (PAF) at 82% (FY25) despite technical vibrations in one unit.
Rated Instruments	1. **NCDs:** ₹511.25 Cr
Key Observations	**Strengths:** • Strong liquidity: ₹488 Cr unencumbered cash + DSRA. • Waterfall mechanism (TRA) ensures debt servicing priority over other outflows. • Healthy EBITDA generation (~₹900 Cr range excluding exceptional items). **Concerns:** • **Subordinated Debt Overhang:** ₹1,481 Cr due to Aditya Birla ARC + RPS/OCCRPS; though subordinated, they restrict equity distributions. • **Litigation Risk:** Dismissal of petition vs BHEL (₹115 Cr award in favor of BHEL). • **High Cost of Debt:** NCDs carry a high coupon of 16.67%, weighing on PAT.
Investor Impact	**Growth:** Limited near-term Capex; focus is on debt clearance. **Margins:** EBITDA steady, but high interest (16.67%) on NCDs eats into bottom-line equity returns. **Leverage:** Massive reduction in *secured* debt is a major positive, but "Adjusted Debt" (including ARC dues) keeps the balance sheet heavy. **Dilution Risk:** Low in the short term, but settlement of OCCRPS/RPS needs monitoring for potential equity conversion.
Agency / Cross Analysis	**Same Agency:** Reaffirmed. CRISIL acknowledges the transition towards a leaner balance sheet but remains cautious due to subordinated liabilities. The withdrawal of ₹68.58 Cr loan confirms the trend of scheduled/accelerated repayments. Financials show a drop in PLF (82% to 78%) and PAF (86% to 82%), which prevented a rating upgrade this cycle.
Final Inference	**Operational Turnaround + Deleveraging Play.** The company is moving toward "Secured Debt Free" status, which improves credit survival. However, for equity investors, the ₹1,481 Cr subordinated debt and 16.67% NCD interest remain massive barriers to significant valuation re-rating.