RattanIndia Power Ltd — 02 May 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	**Reaffirmed** at BBB- / A3 (0 notches moved)
Outlook	**Stable** (Current) vs **Stable** (Previous)
Key Drivers of Change	1. **Aggressive Deleveraging:** Secured fund-based debt reduced to ₹188 Cr (Feb 2025) via regulatory receipts. -> *Implication: Lower senior interest costs.* 2. **Regulatory Windfalls:** Recovered ~₹1,300 Cr in dues since FY22. -> *Implication: Accelerated debt repayment.* 3. **Stable Offtake:** 25-year PPA till 2040 and FSA for 6.10 MTPA coal. -> *Implication: High revenue visibility.* 4. **Operational Resilience:** PAF at 82% (FY25). -> *Implication: Near-full recovery of fixed capacity charges.*
Rated Instruments	• **NCDs:** ₹511.25 Cr
Key Observations	• **(+) Liquidity Cushion:** Unencumbered cash/DSR of ₹488 Cr as of Feb 2025. • **(+) Waterfall Mechanism:** Escrow/TRA account ensures priority for O&M and debt servicing. • **(-) Subordinated Debt Overhang:** ₹1,481 Cr unsecured loan from Aditya Birla ARC + RPS/OCCRPS remains on books. • **(-) Legal Setback:** Dismissal of petition against BHEL; ₹115 Cr award against RIPL (contingent cash outflow). • **(-) Technical Issues:** One unit impacted by vibrations, affecting generation availability. • **(-) Counterparty Delay:** MSEDCL receivables remain high at 210 days (estimated).
Investor Impact	• **Growth:** Revenue grew 4% (₹3,364 Cr), but capacity is capped; growth depends on PLF/efficiency. • **Margins:** Adj. PAT margin compressed to 6.5% in FY24 (vs 10.3% in FY23) due to higher expenses. • **Leverage:** Adjusted Debt/Networth at 0.77x; "Secured" leverage is low, but total liability profile is complex. • **Dilution Risk:** RPS/OCCRPS existence suggests potential future equity dilution or cash drain.
Agency / Cross Analysis	**Same Agency:** Reaffirmed. CRISIL focus shifted from OTS (One Time Settlement) execution to monitoring subordinated debt and regulatory cash flows. **Previous CRA:** Brickwork Ratings issued "Non-Cooperation" in 2019; CRISIL's continued coverage provides transparency. **Conclusion:** Credit profile is **Improving** (via secured debt reduction) but remains capped by the massive subordinated liability to Aditya Birla ARC.
Final Inference	**Real Deleveraging vs. Hidden Risk:** Excellent progress in clearing senior secured debt using regulatory wins, which builds equity value. However, the ₹1,481 Cr subordinated debt and ₹115 Cr BHEL award are significant "trapped" liabilities that limit immediate upside for common shareholders.