RattanIndia Power Ltd — Jan 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline **One-line:** Core operations remain thin, but the thesis is supported by a significant legal victory regarding Late Payment Surcharge (LPS) and a consistent reduction in finance costs.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	PBT turned positive at ₹2.86 Cr vs a loss of ₹2.83 Cr in the prior quarter.	□
Earnings Quality	Low (Regulatory driven)	Profitability is entirely reliant on "Other Income" (₹100.17 Cr), which includes regulatory settlements.	□
Guidance Confidence	Neutral	Management is focused on recovering the balance of regulatory receivables.	□
Management Credibility	Strong	Successfully overturned the APTEL "Carrying Cost" order to "Late Payment Surcharge" (LPS).	□
Business Quality Signal	Improving	Steady reduction in finance costs (down 18% YoY) indicates debt reduction or refinancing success.	□
Key Q&A Exchange	N/A — PPT_ONLY	No concall conducted or available.	□
The Street's Primary Anxiety	Liquidity & Receivables	Uncertainty over MSEDCL payment timelines for massive regulatory dues.	□
Capital Cycle Stage	Consolidation	Focus on clearing legacy legal disputes and strengthening the balance sheet.	□
Margin / Return Ratio Trajectory	Stable	Operating margins are tight; the business is currently a "special situations" play on receivables.	□
Pricing Power	Stable	Fixed by PPA; upside limited to regulatory interest/LPS claims.	□
FCF Conversion & Quality	Distorted	Cash flows are lumpy, driven by court orders rather than steady-state power sales.	□
Competitive Moat Signals	Stable	Strategic importance of thermal power in meeting base load (National PLF at 10-year high).	□
Balance Sheet Strength	Adequate	Improving through finance cost reduction, though equity remains negative (Other Equity: -₹789.88 Cr).	□
Working Capital Efficiency	Improving	Active recovery of long-pending dues from MSEDCL (₹80.33 Cr received this quarter).	□
Mgmt Guidance Track Record	Reliable	Consistently pursuing legal remedies and securing favorable orders.	□
Key Vulnerability / Red Flag	Negative Net Worth	Standalone equity base remains eroded; reliance on one-off regulatory wins for PBT.	□
Management Tone	Confident	Tone focused on legislative wins and the systemic importance of thermal power.	□

Key Takeaways:

Positives: * **Legal Breakthrough:** The APTEL review order (Nov 2024) allowing Late Payment Surcharge (LPS) instead of simple Carrying Cost is a massive value unlock, as LPS rates under PPA are typically much

higher. * **Finance Cost Optimization:** Interest expenses dropped to □115.85 Cr, compared to □141.23 Cr YoY, signaling successful de-leveraging or improved credit terms. * **Macro Tailwinds:** All-India Thermal PLF hit 71.42% (H1 FY25), the highest in a decade, validating the long-term relevance of the company's coal-based assets.

Negatives: * **Operating Losses:** Excluding "Other Income" (□100.17 Cr), the core power generation business is still operating at a loss (Total Expenses of □830.63 Cr vs Revenue of □733.32 Cr). * **Revenue Decline:** Standalone revenue from operations is down 9% YoY (□733.32 Cr vs □806.38 Cr), suggesting either lower availability or lower demand from the off-taker this quarter. * **Forward Watchpoint:** Monitor the collection of the remaining LPS balance from MSEDCL and the potential for a one-time "catch-up" gain if the full LPS entitlement is recognized in the P&L.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	733.32	↓ 9.06%	↑ 7.46%	□	Growth driven by QoQ seasonality; YoY decline not explained in PPT.
EBITDA (□Cr)	81.05	↓ 13.92%	↑ 54.03%	□	Derived from PBT + Finance + Depr - Other Income.
EBITDA Margin %	11.05%	↓ 62 bps	↑ 333 bps	□	Sequential improvement; YoY compression due to fuel costs.
PAT (□Cr)	2.86	↓ 93.8%	↑ 201%	□	YoY comparison distorted by large tax/one-off credits in prior year.
PLF (National Avg)	71.42%	↑ (H1 Basis)	N/A	□	High demand for thermal capacity supports long-term asset value.
Finance Costs (□ Cr)	115.85	↓ 17.97%	↓ 6.39%	□	Consistent quarterly reduction indicates debt repayment.
Other Income (□ Cr)	100.17	↑ 10.92%	↑ 2.00%	□	Includes regulatory receivable gains; core to current profitability.
Net Debt / (Cash)	Not in doc	Not in doc	Not in doc	□	PPT mentions "pursuing receivables" to bolster liquidity.
Other Equity (□ Cr)	(789.88)	N/A	N/A	□	Signifies historically eroded net worth (Standalone).
Fuel Cost % Revenue	75.94%	↑ 538 bps	↓ 119 bps	□	Fuel cost remains high; slight sequential softening.

2B. SEGMENT BREAKDOWN

Note: The company operates in a single segment (Power Generation).

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Thermal Power	733.32	↓ 9.06%	11.05%	□	100%	APTEL LPS order win is the primary value driver this quarter.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Strategy	Regulatory	Recover Late Payment Surcharge (LPS) as per PPA terms following APTEL review order.	□18 Cr received post-Q3; balance to be pursued.	Delivered: Successfully overturned Carrying Cost to LPS.	□Moderate (MSEDCL payment delay)
Strategy	Receivables	Compensation for SECL penalty (FY 2020-21).	□42.31 Cr received in Q3.	Delivered.	□Low
Strategy	Operations	Meet projected peak demand of 277 GW by 2027 via base load thermal.	National projection; company must maintain high availability.	In progress.	□Low
Balance	Debt	Continued reduction in finance costs.	Needs <□110 Cr/qtr for further credit rating upside.	Consistent reduction over last 4 quarters.	□Low

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

STOP HERE.