

Dhariwal Infrastructure Limited

June 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	2,917.85 (Enhanced from 2,241.54)	CARE A-; Stable	Reaffirmed
Short-term bank facilities	75.00	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings on bank facilities of Dhariwal Infrastructure Limited (DIL) factors in the presence of long term/medium term power purchase agreements (PPAs) at remunerative tariffs which provide revenue visibility. The company has recently signed medium term PPAs for 225 MW for unit 1, increasing overall share of long term/medium term PPAs to 88% installed capacity. The long-term fuel supply agreements (FSA) with South Eastern Coal Fields (SECL) for 2.73 metric tonne per annum (MPTA) for entire capacity mitigates fuel availability and price risk to a large extent. The FSA is operationalized to long term/medium term PPAs. Ratings also consider healthy operational performance marked by robust plant availability factor (PAF) of above 85% leading to full recovery of fixed charges and healthy plant load factor (PLF) of 87% in FY25 (PY: 82%). The company's financial profile has improved in the recent past post signing of PPA with Indian Railways for three years starting April 2022 and buoyancy in tariff realizations from the merchant segment.

Ratings are strengthened by the reduction in overall debtors and visibility of realization of outstanding dues from Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), which opted to clear its dues by implementing Electricity (Late Payment Surcharge & Related Matters) Rules, 2022. Ratings continue to draw strength from DIL's financial flexibility as part of the CESC group, which has vast business experience in the power sector, having professional and highly qualified management team and has demonstrated financial support to DIL in the past through infusion of interest free unsecured loans.

However, ratings are constrained by off-take and price risk associated with 58 MW capacity (10% total installed capacity) which is selling through merchant route and PPA renewal risks associated with the medium-term PPAs and 100 MW TANGEDCO PPA which are expiring in the next 3-4 years. While the financial profile of off-takers such as Noida Power Company Limited, Tata Power Company Limited and Adani Electricity Mumbai Limited are strong, the company is exposed to counterparty credit risk associated with exposure to TANGEDCO which comparatively has a weaker financial profile. However, past dues are being cleared on instalment basis thereby reducing the total debtors of the company.

Ratings are further constrained by regulatory risk arising due to ongoing case challenging PPA of DIL with NPCL in Honorable Supreme Court.

The current leverage levels have deteriorated as reflected by total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBIDTA) of 4.53x for FY25 against 3.24x in FY24, considering increase in debt by ~₹800 crore which was previously envisaged. The company is exposed to interest rate risk owing to floating interest rate.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in credit risk profile of its off-takers, primarily TANGEDCO.
- Improvement in TD/EBITDA to below 3.6x on a sustained basis.

Negative factors

- Sustained delay in realisation of outstanding dues from off-takers adversely impacting the company's liquidity profile.
- Moderation in TD/EBITDA beyond 5.3x on a sustained basis.
- Material reduction in CESC's shareholding in DIL or change in support philosophy to the company.
- Unfavorable order from Honorable Supreme Court with respect to PPA with NPCL.

Analytical approach: Standalone plus factoring in parent support

CARE Ratings Limited (CareEdge Ratings) has notched up the rating, factoring operational, financial and managerial support extended by the promoter CESC Limited.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

The stable outlook on ratings of DIL factors in presence of long term/medium term PPAs for majority capacity, satisfactory operational performance aligned with past trends, healthy realization from merchant sales and timely payment from counterparties.

Detailed description of key rating drivers**Key strengths****Presence of long term/medium term PPA provides revenue visibility**

The company has recently signed new medium -term PPAs with Noida Power Company Limited (25MW), Tata Power Company Limited (75MW) and Adani Electricity Mumbai Limited for (125MW) for 2-3 years. The company already had a 25 years PPA with Noida Power for 187 MW on cost plus basis, 15 year PPA with TANGEDCO for 100 MW till September 2028, which provides revenue visibility. The PPAs are signed at remunerative tariff. The company's ability to renew PPAs at attractive tariffs shall remain a key credit monitorable.

Sustained healthy operational performance

DIL's operational performance has been satisfactory in FY25 as characterized by higher than normative PAF leading to full recovery of capacity charges. PLF also stood healthy at 87% in FY25 (PY: 82%). Auxiliary consumption remained at similar range of 7.37% in FY25.

Fuel supply and price volatility risk for capacity untied in long-term PPA

DIL has fuel supply agreement (FSA) with South Eastern Coal Fields (SECL) for supply of 2.73 MMTPA coal which is sufficient to meet the requirements of both units. Post signing of PPAs corresponding to 225 MW for unit 1, the company shall get 1.16 MT coal under SHAKTI scheme. DIL is able to draw coal under FSA of long term/medium term PPAs with NPCL, Tata Power Company Limited and Adani Electricity Mumbai Limited and TANGEDCO, mitigating fuel supply risk to a large extent. However, DIL remains exposed to fuel supply risk for capacity not tied up. DIL is also exposed to price volatility risk for the capacity not tied up under cost plus basis, although it is partly mitigated through escalation clause per the PPA.

Improving financial risk profile

The company's gross cash accrual (GCA) post signing of PPA with Indian Railways starting April 2022 and healthy realisation from sales on merchant basis led to reduction in debt levels, resulting in improved leverage and coverage indicators. The average short-term realisation stood at ₹6.38 per unit in FY25 (PY: ₹7.12 per unit). However, the debt levels due to incremental term loan of ₹600 crore availed in FY2025 and ₹200 crore availed in May 2025. TD/profit before interest, lease rentals, depreciation, and taxation (PBILDT) moderated to 4.53x as on March 31, 2025 (PY: 3.24x).

Part of an established group with extensive experience in power distribution and generation; deriving strong operational, managerial and financial support

Entire stake in DIL is held by CESC Limited. CESC is vertically integrated power utility with several decades' experience. DIL enjoys operational, financial, and managerial support from its promoter group. The promoter group has a highly qualified and experienced employee pool having large experience in their related field. DIL also has adequate board representation from the promoter and shares a common treasury team. DIL has received significant fund support from CESC and Haldia Energy Limited for funding its scheduled debt repayment obligations and prepayments of debt considering significant cash losses over the past years. The company has repaid Rs 350 crore during the year out of the total repayable sum of Rs 740 crore as on March 31, 2024.

Key weaknesses**PPA renewal risk and merchant risk associated with untied capacity**

The tied-up capacity under unit-II is under a long-term PPA with NPCL for 25 years from COD and TANGEDCO till September 2028, while the capacity tied up under unit-I is under medium term PPA for FY25 and FY26 and partly for FY27 exposing DIL to PPA renewal risk. DIL sells the power generated from the untied capacity under merchant basis, which exposes it to risks related to price and volumes of the merchant market. Although realization under merchant market has been healthy for DIL in recent past, sustained healthy realizations under this will be a key monitorable.

Counterparty credit risk associated with sale of power to DISCOM

The sale of power under the long-term PPA with TANGEDCO, exposes DIL to counterparty credit risk due to weak credit profile of the state utility as evident from delay in payments in the past. However, per the management, TANGEDCO has opted to clear entire dues under the EMI scheme by Ministry of Power in 48 equal instalments and DIL has received 34 instalments so far. Due

to this, debtors of DIL from TANGEDCO stood at ₹75 crore as on March 31, 2025. Timely payment from counter parties including TANGEDCO shall remain a key rating monitorable.

Regulatory risk

DIL is exposed to regulatory risk due to an ongoing case relating to approval of its PPA with NPCL. Although DIL has received a favorable order from Appellate Tribunal (APTEL), it has now been referred to Honorable Supreme Court. Adverse outcomes shall remain a key monitorable.

Liquidity - Adequate

The company has adequate liquidity with free cash and cash equivalents amounting to ₹690 crore as on March 31, 2025. The average fund-based working capital utilization in FY25 was 20%. DIL's cash accruals, and cash and cash equivalents are expected to be adequate to meet its repayments which provides comfort.

Environment, Social and Governance (ESG) profile: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

[Notching by Factoring Linkages in Ratings](#)

[Thermal Power](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

DIL belongs to the RP-Sanjiv Goenka group. It was incorporated in 2006 as a joint venture (JV) between Prithvi group and Manikchand Group for setting up a 600 MW thermal power plant (2 x 300 MW) in Tadali Industrial Area, Chandrapur, Maharashtra. DIL is a wholly owned subsidiary of CESC. Unit-I (300 MW) and Unit-II (300 MW) were commissioned on February 11, 2014, and August 02, 2014, respectively. The 'RP-Sanjiv Goenka' group is a leading industrial group in the country, having interests across diverse business segments such as power, infrastructure, carbon black, retail, education, BPO, and media and entertainment. DIL is governed by a six-member board of directors. All directors are highly qualified professionals with long industry experience.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1,916.28	1,958.52
PBILDT	559.43	537.32
PAT	283.46	313.27
Overall gearing (times)	1.53	1.63
Interest coverage (times)	2.92	2.94

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	450.00	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	September, 2035	516.36	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	September, 2035	1896.49	CARE A-; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	55.00	CARE A-; Stable
Non-fund-based - ST-BG/LC		-	-	-	75.00	CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	1896.49	CARE A-; Stable	-	1)CARE A-; Stable (06-Jan-25) 2)CARE A-; Stable (30-May-24)	1)CARE BBB+; Stable (26-Sep-23)	1)CARE BBB+; Stable (03-Oct-22)
2	Fund-based - LT-Cash Credit	LT	450.00	CARE A-; Stable	-	1)CARE A-; Stable (06-Jan-25) 2)CARE A-; Stable (30-May-24)	1)CARE BBB+; Stable (26-Sep-23)	1)CARE BBB+; Stable (03-Oct-22)
3	Non-fund-based - ST-BG/LC	ST	75.00	CARE A2	-	1)CARE A2 (06-Jan-25) 2)CARE A2 (30-May-24)	1)CARE A3+ (26-Sep-23)	1)CARE A3+ (03-Oct-22)
4	Fund-based - LT-Term Loan	LT	516.36	CARE A-; Stable	-	1)CARE A-; Stable (06-Jan-25) 2)CARE A-; Stable (30-May-24)	1)CARE BBB+; Stable (26-Sep-23)	1)CARE BBB+; Stable (03-Oct-22)
5	Non-fund-based - LT-Bank Guarantee	LT	55.00	CARE A-; Stable	-	1)CARE A-; Stable (06-Jan-25) 2)CARE A-; Stable (30-May-24)	1)CARE BBB+; Stable (26-Sep-23)	1)CARE BBB+; Stable (03-Oct-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Jatin Arya Director CARE Ratings Limited Phone: 91-120-4452021 E-mail: Jatin.Arya@careedge.in</p> <p>Shailendra Singh Baghel Associate Director CARE Ratings Limited Phone: 91-226-8374340 E-mail: Shailendra.baghel@careedge.in</p> <p>Sweta Lodha Lead Analyst CARE Ratings Limited E-mail: sweta.lodha@careedge.in</p>
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