

## Haldia Energy Limited

June 06, 2025

| Facilities/Instruments         | Amount (₹ crore)                    | Rating <sup>1</sup> | Rating Action |
|--------------------------------|-------------------------------------|---------------------|---------------|
| Long-term bank facilities      | 2,849.99<br>(Reduced from 2,980.87) | CARE AA-; Negative  | Reaffirmed    |
| Short-term bank facilities     | 435.00<br>(Enhanced from 200.00)    | CARE A1+            | Reaffirmed    |
| Commercial paper (Carved out)* | 450.00                              | CARE A1+            | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

\*The company maintains that aggregate amount of commercial paper and working capital borrowings shall be within its sanctioned working capital limits.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings of Haldia Energy Limited (HEL), which is operating a 600 MW thermal power plant. Reaffirmation continues to derive strength from extensive experience of the promoter, CESC Limited (CESC; rated CARE AA; Negative /CARE A1+) in the power sector and HEL's strategic importance to CESC considering operational linkages as HEL supplies its entire power generation to CESC. Ratings continue to draw comfort from low sales risk owing to presence of long-term power purchase agreement (PPA) of 25 years from commercial operations date (COD) with CESC for the entire capacity of 600 MW on a cost-plus basis per West Bengal Electricity Regulatory Commission (WBERC) regulations, yielding stable cash flows. Ratings also derive comfort from the long-term fuel supply agreement (FSA) with Mahanadi Coalfields Limited (MCL; a subsidiary of Coal India Limited [CIL]) with healthy annual contracted quantity (ACQ) materialisation in the last including FY25, which mitigates fuel risk to a large extent. Ratings favourably factor in healthy operational performance, characterised by higher-than-normative plant availability factor (PAF), high plant load factor (PLF) and station heat rate (SHR) in line with normative levels per WBERC in FY25.

CareEdge Ratings notes that vide order dated April 30, 2025, the Appellate Tribunal for Electricity (APTEL) has given a favourable ruling towards the recovery of a sizable portion of the project cost, which was previously disallowed by West Bengal Electricity Regulatory Commission (WBERC). As articulated by the management, this would result in increase in capacity charges which is to be determined by WBERC.

Rating strengths are tempered by significant accumulation of regulatory assets in HEL's books, which is attributable to sluggish regulatory environment and delay in receipt of true up orders. WBERC has issued true up orders (APR) from COD till FY20 with last order in October 2024, in which majority fuel cost has been allowed as a pass-through since HEL maintained better-than-normative operating parameters. However, timely receipt of true up orders for subsequent years will be a key monitorable. There has been increase in debtors to ₹1414 crore in FY25 from ₹757 crore in FY24 from the off-taker CESC. Ratings are constrained by high debt levels with incremental debt of ₹550 crore availed in FY25, which moderated the company's debt coverage indicators. The credit profile is further suppressed due to regulatory risk emanating from partial allowance of cost in the recent tariff order rolled out by WBERC for FY25 and FY26. Elevated exposure to group companies and concentration risk arising from its single site, single-off-taker also constrain ratings.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Material improvement in the credit profile of the parent company CESC.

#### Negative factors

- Significant deterioration in the credit profile of CESC or change in support philosophy of CESC to the company.
- Significant delay or disallowance in the cost in true-up, impacting the company's cash accruals.
- Large under-recovery in capacity charge or significant tightening of normative parameters.
- Higher-than-envisaged level of support flowing to group companies, impacting HEL's liquidity profile.

### Analytical approach: Standalone, factoring in parent support

CareEdge Ratings has notched up ratings, factoring operational, financial, and managerial support extended by the promoter CESC Limited.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Outlook: Negative**

The negative outlook on ratings of HEL is considering the persisting unfavourable regulatory environment. This is likely to add pressure on the company's operating cash flows, leading to elevated leverage and modest coverage metrics in the medium term. The outlook may be revised to stable if the company receives favourable regulatory orders, which may lead to improvement in its gross cash accrual (GCA) and hence better coverage metrics.

**Detailed description of key rating drivers****Key strengths****Part of an established group with extensive experience in power distribution and generation; with strong operational, managerial and financial support**

HEL is a wholly owned subsidiary of CESC, which is a vertically integrated power utility with several decades of experience in generation, transmission, and distribution of electricity across geographies. HEL is strategically important for the group, since it accounts for ~28% of CESC's installed generating capacity and meets ~39% of CESC's power procurement for distribution to retail consumers in Kolkata. Similar to other group companies, HEL also enjoys operational, financial, and managerial support from its promoter group. The promoter group has a highly qualified and experienced employee pool with a large experience in their related fields. HEL has adequate board representation from the promoter. HEL also shares a common treasury team.

**Low-sales risk due to its long-term PPA with a strong counterparty, CESC**

HEL's entire capacity is tied up through a 25-year PPA from COD with CESC. Tariff is based on WBERC regulations assuring a 15.5% return on equity subject to the plant meeting operating norms per WBERC, and hence, stable cash accruals. Capacity charges are recoverable in full, if the plant availability achieves normative PAF of 85%. Energy charges are determined based on landed cost of fuel applied to quantity of fuel consumption at normative operating conditions such as SHR, auxiliary consumption, and oil consumption among others. Hence, HEL is not exposed to fuel price risk. HEL is also allowed to pass-through hike in fuel cost in the year through monthly fuel cost adjustment (MFCA) mechanism, which adjusted monthly.

**Adequate fuel linkage**

The aggregate coal required to operate the plant at a PLF of 80% is 2.68 million tonne per annum (MTPA). HEL has signed a 20-year FSA with MCL for an ACQ of 2.57 MTPA at a price notified from MCL/CIL periodically. ACQ materialisation from linkage continued to be healthy in the past including FY25, leading to lower dependency on alternate sources such as e-auction.

**Healthy operational performance**

HEL continued full recovery of capacity charge by clocking a PAF of 97% in FY25 (PY: 96%). PLF remained strong, at 91% in FY25 (PY: 87%). SHR remained below normative levels in FY24 and FY25.

**Key weaknesses****Accumulation of regulatory assets and unpredictable regulatory environment impacting cash flows**

The company has witnessed delay in receipt of tariff order and true up order from WBERC (the regulator) in the past. HEL's true-up orders from COD till FY20 were issued in the last one year and remaining true-up orders are pending as on date, which has led to under recover in power and fuel charges and build-up of regulatory assets. Since the HEL's profile is closely linked to that of its off-taker, its ability to recover under recoveries in fuel and power purchase is restricted due to inability of the parent to pass-on such rise.

**Exposure in group companies**

Standalone exposure to group companies has declined from ₹1,137 crore as on March 31, 2024, to ₹787 crore as on March 31, 2025 considering repayment of advances extended to Dhariwal Infrastructure Limited (DIL).

CareEdge Ratings notes that exposure to group companies has been declining since FY21. HEL has also provided a letter of comfort aggregating to ₹165 crore as on March 31, 2024, towards borrowing or financing obligations of fellow subsidiaries from banks.

**Moderate capital structure and debt coverage indicators**

HEL's debt, compared to its net worth adjusted for group company advances, is high. The company has availed incremental term loan of ₹550 crore in FY2025 which has lead to higher leverage and moderate debt coverage indicators. Going forward, HEL may have to incur a flue gas desulphurisation capex, leading to additional debt, which is not factored in CareEdge Ratings base case since the timeline for implementation of flue-gas desulfurisation (FGD) has been extended by 3 years by the Ministry of Environment and Forests (MoEF).

**Liquidity:** Adequate

The company has adequate liquidity in the form of cash and liquid investments of ₹647 crore as on March 31, 2025. HEL enjoys financial flexibility as part of the RP-SG group. Its working capital limit utilisation has been high in recent months.

**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 |

Incorporated in 1994, HEL is wholly owned by CESC. In Q4FY15, HEL commissioned a 600-MW thermal power plant (2 x 300 MW) across 345 acre in Haldia, West Bengal, on sub-critical technology. The total project outlay of ₹4,650 crore (₹7.75 crore per MW) was funded at a debt to equity ratio of 3:1.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) |
|----------------------------|--------------------|--------------------|
| Total operating income     | 1,971              | 2,076              |
| PBILDT                     | 528                | 821                |
| PAT                        | 253                | 284                |
| Overall gearing (times)    | 0.73               | 0.71               |
| Interest coverage (times)  | 2.06               | 3.45               |

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 instruments/facilities:** 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 |
|---|------|------------------|-----------------|---------------|-----------------------------|------------------------------------|
| Commercial Paper- Commercial Paper (Carved out) |      | NA               | NA              | 7-364 days    | 450.00                      | CARE A1+                           |
| Fund-based - LT-Cash Credit                     |      | -                | -               | -             | 450.00                      | CARE AA-; Negative                 |
| Fund-based - LT-Term Loan                       |      | -                | -               | January 2031  | 2399.99                     | CARE AA-; Negative                 |
| Non-fund-based - ST-BG/LC                       |      | -                | -               | -             | 435.00                      | CARE A1+                           |

**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              | 2399.99                      | CARE AA-; Negative | -   | 1)CARE AA-; Negative (24-Sep-24)            | 1)CARE AA-; Negative (26-Sep-23)            | 1)CARE AA-; Stable (03-Oct-22)              |
| 2       | Fund-based - LT-Cash Credit                     | LT              | 450.00                       | CARE AA-; Negative | -   | 1)CARE AA-; Negative (24-Sep-24)            | 1)CARE AA-; Negative (26-Sep-23)            | 1)CARE AA-; Stable (03-Oct-22)              |
| 3       | Commercial Paper- Commercial Paper (Carved out) | ST              | 450.00                       | CARE A1+           | -   | 1)CARE A1+ (24-Sep-24)                      | 1)CARE A1+ (26-Sep-23)                      | 1)CARE A1+ (03-Oct-22)                      |
| 4       | Non-fund-based - ST-BG/LC                       | ST              | 435.00                       | CARE A1+           | -   | 1)CARE A1+ (24-Sep-24)                      | 1)CARE A1+ (26-Sep-23)                      | 1)CARE A1+ (03-Oct-22)                      |

LT: Long term; ST: 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       | Commercial Paper-Commercial Paper (Carved out) | Simple           |
| 2       | Fund-based - LT-Cash Credit                    | Simple           |
| 3       | Fund-based - LT-Term Loan                      | 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.

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