

Dhariwal Infrastructure Limited

September 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	2,764.18 (Reduced from 2,917.85)	CARE A; Stable	Upgraded from CARE A-; Stable
Short-term bank facilities	75.00	CARE A2+	Upgraded from CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in ratings assigned to bank facilities of Dhariwal Infrastructure Limited (DIL), which is operating a 600 MW coal based thermal power plant in Maharashtra, factors in the company's improved business profile characterised by signing of medium-term purchase agreements (PPAs) for 225 MW at a higher tariff with strong counterparties. These PPAs have been executed at higher tariffs in the range of ₹5.41/unit – ₹5.47/unit compared to the erstwhile PPA with Indian Railways (₹4.20/unit – ₹4.50/unit). The company is eligible for 1.15 MTPA coal under Shakti B [III] which would reduce the dependence on e-auction coal, mitigating fuel price and availability risk. Per CARE Ratings Limited (CareEdge Ratings) base case assessment, the new PPAs are expected to increase the earnings before interest, taxation, depreciation, and amortization (EBITDA) by ~₹70-80 crore on a year-on-year (yoy) basis. The upgrade in ratings also factors in sustained 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 and Q1FY26 (PY 82%). The company has also prepaid majority debt obligations for FY26, which will support the liquidity profile in the near term.

Ratings continue to factor in the presence of medium-to-long-term PPAs for ~88% of the overall capacity with majority unit 1 having medium term PPAs, whereas the full capacity of 300 MW unit 2 is tied up with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) (100 MW) and Noida Power Company Limited (NPCL) (187 MW) which provides revenue visibility. Ratings are further strengthened by timely payment from off-takers including realisation of outstanding dues from TANGEDCO in the form of EMIs post implementation of Electricity (Late Payment Surcharge & Related Matters) Rules, 2022 which has supported the liquidity profile of the company. The long-term fuel supply agreements (FSA) with Southeastern Coal Fields (SECL) for long-term PPAs and through Shakti scheme for medium term PPA mitigates fuel availability and price risk to a large extent. Ratings continue to draw strength from DIL's strong financial flexibility being a part of the CESC group, which has vast business experience in the power sector and has previously provided funding support to DIL.

However, ratings are constrained by off-take and price risk associated with 75 MW capacity (12% total installed capacity) which is selling through merchant route and PPA renewal risks associated with the 325 MW capacity, PPAs for which are expiring over the next three years. While the financial profile of off-takers such as Noida Power Company Limited, Tata Power Company Limited and Adani Electricity Mumbai Limited is strong, the company is exposed to counterparty credit risk associated with exposure to TANGEDCO which has a relatively weak financial profile as evident from delay in payments in the past. CareEdge Ratings takes a note of the regulatory risk arising due to ongoing case challenging PPA of DIL with NPCL in Honorable Supreme Court. The company is also exposed to interest rate risk owing to floating interest rate. The rating is also constrained considering leveraged capital structure as reflected by TD/EBITDA of 4.53x for FY25. However, going forward with the expected increase in EBITDA, CareEdge Ratings expects the TD/EBITDA to remain below 4.0x on a sustained basis.

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

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

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

- Improvement in TD/EBITDA to below 3.0x on a sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Sustained delay in realization of outstanding dues from off-takers adversely impacting the company's liquidity profile.
- Moderation in TD/EBITDA beyond 4.0x on a sustained basis.
- Unfavorable order from Honorable Supreme Court considering PPA with NPCL.
- Material deterioration in the credit profile of CESC or reduction of its shareholding in DIL to below 51% or change in support philosophy from CESC towards DIL.

Analytical approach: Standalone plus factoring in parent support

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

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 realisation 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 power supply to these PPAs started in Q1 FY2026. The company also has 25 years PPA from commercial operations date (COD) 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 medium-term and TANGEDCO PPAs at attractive tariffs shall remain a key credit monitorable.

Sustained healthy operational performance

DIL's operational performance has been satisfactory in FY25 and Q1FY26 as characterized by higher than normative PAF of 85% leading to full recovery of capacity charges. PLF also stood healthy at 87% in FY25 (PY: 84%) and Q1FY26 (PY: 82%).

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. However, of this FSA, only 1.58 MTPA is operational in correspondence to the long term PPAs for Unit – II. Post signing of the medium-term PPAs corresponding to 225 MW for Unit 1, the company shall get 1.15 MTPA coal under shakti policy (Shakti B [III]). The balance requirement of 0.35 MTPA for Unit-I shall be obtained through e-auction or other sources.

Improving financial risk profile

The company's gross cash accrual (GCA) has remained healthy post signing of PPA with Indian Railways starting April 2022 and strong realisation from sales on merchant basis. This led to reduction in debt levels and improvement in leverage and coverage indicators. While the company has availed term loan of ₹800 crore in FY25 and Q1 FY26 leading to moderation in leverage, the debt coverage indicators remain comfortable owing to the signing of new medium-term PPAs of 225 MW for Unit 1 at remunerative tariffs. The average short-term realization stood at ₹7.10 per unit in FY25 (PY: ₹6.87 per unit). The company has prepaid a large share of debt for FY26 during the year. The company's improved financial performance is also reflected in the reduction of group support, which stood at ₹740 crore at the end of FY24 and has reduced to nil as on July 31, 2025.

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 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.

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. The payment from off-takers has been timely as evident from debtor days of 54 as on March 31, 2025 (PY: 70). Timely payment from counterparties, 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 position with free cash and cash equivalents amounting to ₹675 crore as on June 30, 2025. The average fund based working capital utilisation in the TTM ending July 2025 is 23%. DIL's cash accruals with cash and cash equivalents are expected to be adequate to meet its repayments which provides comfort.

Environment, social, and governance (ESG) risks: 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 and 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)	FY 2024 (A)	FY 2025 (A)	Q1FY26 (UA)
Total operating income	1916	1958	573
PBILDT	559	537	192
PAT	283	313	125
Overall gearing (times)	1.53	1.63	-
Interest coverage (times)	2.93	2.94	3.31

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	478.60	CARE A; Stable
Fund-based - LT-Term Loan		-	-	September, 2035	1780.58	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	1780.58	CARE A; Stable	1)CARE A-; Stable (06-Jun-25)	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-Jun-25)	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-Jun-25)	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	478.60	CARE A; Stable	1)CARE A-; Stable (06-Jun-25)	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-Jun-25)	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

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.

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