

October 03, 2025

R K M Powergen Private Limited: Rating upgraded to [ICRA]BBB (Stable) and removed from rating watch with developing implications; Stable outlook assigned

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loan	4,962.52	4,191.61	[ICRA]BBB (Stable); upgraded from [ICRA]BBB- and removed from rating watch with developing implications; Stable outlook assigned
Long term – Non-fund based – Bank guarantee/Letter of credit	993.17	993.17	[ICRA]BBB (Stable); upgraded from [ICRA]BBB- and removed from rating watch with developing implications; Stable outlook assigned
Long term – Fund based – Cash credit	436.32	436.32	[ICRA]BBB (Stable); upgraded from [ICRA]BBB- and removed from rating watch with developing implications; Stable outlook assigned
Total	6,392.01	5,621.10	

*Instrument details are provided in Annexure I

Rationale

ICRA had placed the rating of R K M Powergen Private Limited (RKMPPPL) on watch with developing implications in February 2025 following an Enforcement Directorate (ED) raid in its offices and freezing of the company's fixed deposits (FD) amounting to Rs. 901 crore. Subsequently, the Madras High court passed an order in favour of RKMPPPL in July 2025 and directed the ED to lift the freeze on the fixed deposits of the company. Hence, ICRA has removed the rating of the company from watch with developing implications. ICRA has also upgraded RKMPPPL's rating, which factors in the improvement in the company's performance in FY2025, driven by the commencement of power supply for the 600-MW capacity tied-up under the SHAKTI (Scheme to Harness and Allocate Koyla Transparently in India) Policy, 2017, through PFC Consulting, part pre-payment of term debt and remunerative tariff realisations in the short-term market.

Under the SHAKTI scheme, the company has started supplying power to MP Power Management Company Limited (MPPMCL; Madhya Pradesh), New Delhi Municipal Council (NDMC; Delhi), Jammu and Kashmir Power Development Department (JKPDD; Jammu and Kashmir) and Haryana Power Purchase Centre (HPPC; Haryana). With the commencement of supply under these 600-MW power purchase agreements (PPA), the share of the operational long-term and medium-term PPAs has increased to 73% from 27% of the total project capacity¹.

The company's receivables have also reduced over the recent years. The debtor outstanding stood at Rs. 659.53 crore as on July 31, 2025 compared with Rs. 985.17 crore as on March 31, 2022. Majority of the receivables as on July 31, 2025 pertained to unbilled revenue. The company had stopped supplying power under the 550-MW PPA with PTC India. Ltd. (power supplied to Telangana discoms) from October 15, 2021 owing to payment delays. The total receivables outstanding from PTC were ~Rs. 336.00 crore as of July 2022, including the interest penalty, which stood reduced at ~Rs. 72.62 crore as of July 2025. However, the company has not been receiving payments from PTC in the recent past and the recovery of the outstanding amount is under legal dispute with the company having filed a petition for the same. Also, as there were payment delays from Uttar Pradesh Power Corporation Limited (UPPCL; UP discoms) in the past, dues of ~Rs. 128.00 crore were converted to instalments under the late payment surcharge (LPS) scheme in July 2022. The company is now receiving the LPS instalments and current

¹ Considering net capacity after deducting auxiliary consumption

bills on a timely basis from the UP discoms as well, thereby reducing the receivables to a large extent. This has led to an improvement in the company's liquidity position.

The rating, however, remains constrained by the lack of long-term or medium-term PPAs for ~27% of the project capacity, exposing the company to volume and tariff risks in the short-term market. While the company has benefited from the remunerative tariffs in the short-term market in recent times, it remains to be seen whether this tariff trend will sustain over a longer period. ICRA also takes note of the counterparty credit risks arising out of the company's exposure to the state discoms (under the long-term/medium-term PPAs), some of which have weak financial risk profiles.

Further, ICRA considers the project's fuel cost pass-through risks for the sale of power in the short-term market as the coal requirement for short-term sales is met through e-auctions/open market purchases and the short-term tariff remains exposed to demand-supply trends. Also, the company's long-term and medium term PPAs have partial pass-through of fuel costs through the escalable component and not full pass-through. Additionally, the lack of railway siding leads to higher transportation costs, adversely impacting the cost competitiveness of the tariffs offered by the project. Notwithstanding this, the company's enhanced liquidity position is expected to aid in funding the capex for railway siding, which is to be incurred over the next two years. The timely completion of the capex within the budgeted costs remains important.

In 2014, the Central Bureau of Investigation (CBI) registered an FIR concerning coal block allocations involving RKMPPPL. Although the CBI filed a closure report in 2017 citing no wrongdoing, a special CBI court rejected it and ordered further investigation. This led to a supplementary chargesheet in 2023, based on which the ED resumed its probe under the Prevention of Money Laundering Act (PMLA), originally initiated in 2015. Following the 2023 chargesheet, the ED froze RKMPPPL's FDs in January 2025. However, the Madras High Court recently quashed this freezing order, ruling that the ED lacked jurisdiction under PMLA as no predicate offense or proceeds of crime were legally established. The court concluded that the CBI's supplementary chargesheet alone was insufficient to justify the ED's actions. ICRA notes that any adverse development in this enquiry could impact RKMPPPL's credit profile and will remain a key monitorable, going forward.

The Stable outlook on the long-term rating reflects the visibility on the company's revenues offered by the long-term and medium-term PPAs for ~73% of the capacity and the expected remunerative tariffs in the short-term market in the near term. Moreover, ICRA expects the company to continue to report satisfactory plant availability and efficiency levels, allowing it to adequately bill and recover the fixed capacity charges as per the tariff order/PPA, and recover the payments in a timely manner from its key offtakers.

Key rating drivers and their description

Credit strengths

Operational coal-based project with long-term and medium term PPAs - The entire 1,440-MW power generation capacity of RKMPPPL was commissioned by March 2019. The company is supplying power to the Uttar Pradesh discoms under a 25-year long-term PPA for 350 MW. The company has also recently commenced power supply for the 600-MW medium-term PPAs (tenure of five years) under the Government of India's SHAKTI policy, 2017, through the bidding conducted by PFC Consulting. Under this arrangement, the company has signed PPAs with MPPMCL for 145.46 MW, NDMC for 90.90 MW, JKPDD for 181.82 MW, and HPPC for 181.82 MW. The coal procurement source is already arranged under this scheme and the company signed the fuel supply agreements (FSA) along with the signing of the PPAs.

The company has an FSA for the UPPCL PPA for coal supply of 1.79 MMTPA. For the 600-MW PPAs awarded under SHAKTI Policy, the company has entered into FSAs for the supply of 3.50 MMTPA of coal (1.75 MMTPA for each of the 300-MW PPA). This has taken the total current FSA linkage of the plant to 5.29 MMTPA, supporting the company's profitability levels.

Comfortable liquidity position; improved coverage metrics - The company's liquidity position remains comfortable, supported by healthy cash accruals over the recent years, including FY2025. The company had healthy free cash and bank balances of ~Rs. 1,377 crore as of July 2025. Apart from this, the company was maintaining a two quarter's DSRA balance of Rs. 376.00 crore. Also, with the tie-up of the 600-MW medium-term PPAs under the SHAKTI scheme, the company's revenue and cash flow visibility has improved over the medium term, while reducing its exposure to volume/tariff risks in the short-term market

and availability/pricing risks arising from the dependence on e-auction/open market coal procurement. The debt service coverage ratio (DSCR) is expected to remain comfortable above 1.35x over FY2026-FY2027.

Credit challenges

Lack of long-term/medium-term PPAs for full capacity exposes profitability to volatility in short-term rates and coal prices

- The project's PLF levels have remained subdued owing to the lack of PPAs for the entire project capacity. However, the PLF levels have improved for the company over the recent years. The PLF was 60.70% in FY2025 compared with 58.50% in FY2024 and 47.55% in FY2023. The improvement in the PLF in FY2025 was attributable to higher sales under the SHAKTI PPAs, for which the supply commenced over various months during the fiscal. The PLF levels, going forward, are expected to largely remain around the FY2025 levels. Despite the medium-term PPAs for 600 MW, ~27% of the project capacity remains untied, exposing the company to volume and tariff risks in the short-term market. The exposure to the short-term market also makes the company's profitability and cash flows vulnerable to the pricing and availability risks arising from coal procurement through the e-auction/open market. A sustainable improvement in the operating performance would remain contingent on the company's ability to renew medium-term PPAs/tie-up new PPAs, along with sales through the short-term route at remunerative tariffs.

High counterparty credit risks - The counterparty credit risks remain high for RKMPPPL because of the existing exposure to UP discoms, which have moderately weak financial risk profiles. Also, there were payment delays from UP discoms in the recent past owing to which dues of ~Rs. 128.00 crore were converted to instalments under the late payment surcharge (LPS) scheme in July 2022. The company is now receiving the LPS instalments and current bills on a timely basis and the more-than-six months receivables from UP discoms reduced to Rs. 20.98 crore as on July 31, 2025 from Rs. 124.71 crore as of March 2023.

The 600-MW PPAs awarded under the SHAKTI policy also expose the company to the financially weak state discoms of Madhya Pradesh and Jammu & Kashmir. Additionally, the company is currently receiving payments with a delay of ~75 days from the Jammu & Kashmir discoms from the date of billing against the stipulated timeline of 30 days.

Capex required to complete railway siding - The company is required to incur a capex of Rs. 550-600.0 crore towards railway siding over FY2026-FY2027. Nonetheless, the cash balances and anticipated cash inflows are expected to remain adequate to fund this capex. The company was previously required to incur capex to comply with the revised emission norms (SO₂), as per the notification of the Ministry of Environment, Forest and Climate Change of India (MoEF&CC). However, now with the revised guidelines issued in July 2025, the company is no longer required to incur this capex as its plant falls under Category-C.

Liquidity position: Adequate

The company's liquidity position remains adequate, marked by healthy free cash and bank balances of Rs. 1,284.5 crore as on March 31, 2025 and Rs. 1,377.60 crore as on July 31, 2025. Also, the utilisation of the fund-based working capital limit of ~Rs. 436 crore has remained almost nil over the last 12-month period. The company is also maintaining a DSRA balance of Rs. 376.00 crore, which is equivalent to two quarter's debt servicing (principal + interest). Further, the company is expected to generate adequate cash flow from operations against an annual debt repayment obligation of ~Rs. 270 crore in FY2025.

Rating sensitivities

Positive factors – Tie-up of long-term PPAs for the untied capacity at remunerative tariff rates along with a sustained improvement in the operating performance of the plant and timely payments by the offtakers, while maintaining adequate liquidity and comfortable debt coverage metrics, could lead to a rating upgrade.

Negative factors – Pressure on the rating could emerge if any significant deterioration in the operating performance of the plant or a build-up of receivables due to delayed payments by the offtakers impacts the company's credit metrics and liquidity position. A specific credit metric for downgrade would be the cumulative DSCR remaining below 1.20 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Thermal
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the company's standalone financial profile

About the company

RKMPL is a special purpose vehicle, which was established by the Chennai-based R.K. Powergen Group, Malaysia-based Mudajaya Group and Enerk International Holdings Limited to develop a 1,440-MW domestic coal-based power project in the Janjgir Champa district of Chhattisgarh. The first unit of the project commissioned in November 2015, followed by Unit-2 in February 2016, Unit-3 in November 2017 and Unit-4 in March 2019. The project cost stood at Rs. 13,827.71 crore (Rs. 9.60 crore per MW) as of March 2019 against the appraised cost of Rs. 6,653.60 crore (Rs. 4.62 crore per MW) as the soft costs (interest during construction and foreign exchange rates) rose because of delays in project implementation.

Key financial indicators (audited)

R K M Powergen Private Limited (Standalone)	FY2024	FY2025
Operating income	3,891.73	3,928.76
PAT	405.34	546.62
OPBDIT/OI	30.70%	42.15%
PAT/OI	10.42%	13.91%
Total outside liabilities/Tangible net worth (times)	1.25	1.08
Total debt/OPBDIT (times)	4.12	2.65
Interest coverage (times)	2.01	1.69

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA

CRA	Status	Date of press release
CARE	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded to CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* from CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* and Withdrawn	February 19, 2025

*Issuer did not cooperate; based on best available information

Any other information: None

Rating history for past three years

Current (FY2026)					Chronology of rating history for the past 3 years					
					FY2026	FY2025	FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	4,191.61	Oct 03, 2025	[ICRA]BBB (Stable)	Jun 28, 2024	[ICRA]BBB- (Stable)	Sep 13, 2023	[ICRA]BB+ (Stable)	Aug 05, 2022	[ICRA]BB (Stable)
					Feb 13, 2025	[ICRA]BBB-; rating watch with developing implications				
Non-fund based – Bank guarantee/Letter of credit	Long term	993.17	Oct 03, 2025	[ICRA]BBB (Stable)	Jun 28, 2024	[ICRA]BBB- (Stable)	Sep 13, 2023	[ICRA]BB+ (Stable)	Aug 05, 2022	[ICRA]BB (Stable)
					Feb 13, 2025	[ICRA]BBB-; rating watch with developing implications				
Cash credit	Long term	436.32	Oct 03, 2025	[ICRA]BBB (Stable)	Jun 28, 2024	[ICRA]BBB- (Stable)	Sep 13, 2023	[ICRA]BB+ (Stable)	Aug 05, 2022	[ICRA]BB (Stable)
					Feb 13, 2025	[ICRA]BBB-; rating watch with developing implications				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Term loan	Simple
Long term – Non-fund based – Bank guarantee/Letter of credit	Very Simple
Long term – Fund based – Cash credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund based – Term loan	Sep-2020	10.00%	Apr-2041	4,191.61	[ICRA]BBB (Stable)
NA	Long term – Non-fund based – Bank guarantee/Letter of credit	NA	NA	NA	993.17	[ICRA]BBB (Stable)
NA	Long term – Fund based – Cash credit	NA	NA	NA	436.32	[ICRA]BBB (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3406

girishkumar@icraindia.com

Vikram V

+91 40 6939 6410

vikram.v@icraindia.com

Rachit Mehta

+91 22 6169 3328

rachit.mehta2@icraindia.com

Rishi S Tekchandani

+91 79 6923 3066

rishi.tekchandani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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