

April 21, 2026

## Aravali Power Company Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Term loans	2,381.28	1234.11	[ICRA]AA+ (Stable); reaffirmed
Long term – Fund based - Cash credit	800.00	800.00	[ICRA]AA+ (Stable); reaffirmed
Long term - Unallocated	1,781.10	2928.27	[ICRA]AA+ (Stable); reaffirmed
Short term – Non-fund based - LC/BG	125.00	125.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>5,087.38</b>	<b>5,087.38</b>	

\*Instrument details are provided in Annexure-II

### Rationale

The rating reaffirmation factors in the continued strong financial performance of Aravali Power Company Private Limited (APCPL), supported by healthy operating efficiency and a reduction in debt and interest rate cost. APCPL's 1,500-MW coal-based power plant maintained a plant availability above 90% in FY2025 and 9M FY2026, enabling full recovery of the capacity charges. This, along with the ongoing repayment of debt, reduced the company's leverage ratio (total debt/OPBDITA) to 1.3x in FY2025 from 2.2x in FY2023, which is expected to further reduce to 1.0x in FY2026. Moreover, the debt coverage metrics remain strong, with the annual debt service coverage ratio (DSCR) expected to stay well above 1.5x.

The ratings further factor in APCPL's strong liquidity position on the back of timely payments from its key offtakers - Haryana distribution utilities (discoms) and Tata Power Delhi Distribution Limited {TPDDL; [ICRA]AA+(Stable)/A1+} - which together account for 92.4% of the company's capacity. The working capital cycle continues to be comfortable, evident from the receivable days (including unbilled revenue) of 60 days as on December 31, 2025, down from the historical high of 228 days as on March 31, 2021. Despite the sizeable dividend payouts of Rs. 750 crore in FY2025 and Rs. 500 crore in 9M FY2026, the company's liquidity position continues to be strong amid healthy cash flow from operations of ~Rs. 1,316 crore in FY2025 and ~Rs. 1,147 crore in 9M FY2026 respectively.

The ratings continue to take into account the presence of long-term power purchase agreements (PPAs) with cost-plus tariff for the entire 1,500-MW capacity, adequate fuel supply agreements and the strong collection efficiency demonstrated over the past five fiscals. The company has been able to earn higher-than-normative return on equity on the approved capital cost in the recent fiscals on account of savings in operations and maintenance (O&M) costs and working capital interest against the normative values approved by the regulator. Additionally, APCPL benefits from the in-house technical, managerial and operational expertise provided by NTPC Limited (holds a 50% stake in APCPL), which reduces the operational and maintenance risks for the project. The company has undertaken capital expenditure to install flue gas desulphurisation (FGD) units and has already commissioned all the three units. The tariff approval for the FGD capex is pending with the regulator.

ICRA notes that APCPL has received regulatory relief pursuant to the Appellate Tribunal for Electricity's (APTEL) order on the revision of the scheduled commercial operation dates (SCODs) for its thermal units, which has resulted in higher admissible interest during construction (IDC) and an upward revision in the approved capital cost. Following the redetermination by the Central Electricity Regulatory Commission (CERC), the aforesaid relief has translated into an additional one-time recovery of ~Rs. 860 crore and an improvement in the company's annual revenues, going forward.

Separately, ICRA notes that the company is involved in arbitration proceedings relating to Reliance Infrastructure Limited and Sinofinn, wherein APCPL has a net amount recoverable on a cumulative basis. However, while the international arbitral award has been favourable, an adverse domestic arbitral award has also been pronounced. Both the awards are currently under challenge before the Delhi High Court. ICRA factors in the absence of immediate cash inflows given the ongoing litigation, and the final outcome and timing of the recoveries will remain a key monitorable.

Rating concerns emanate from APCPL's high cost of power generation due to the high landed cost of coal, which adversely impacts its tariff competitiveness. The energy charge stood at Rs. 4.25 per unit for 9M FY2026, excluding compensation for partial loading. Although APCPL's plant lies in the lower quartiles of the merit order despatch (MoD) curve for the Delhi and Haryana discoms, the two-part tariff structure allows the company to bill the entire fixed charge, which is linked to the plant availability and not the plant load factor (PLF).

The ratings also take note of the counterparty credit risk arising from APCPL's exposure certain offtakers with relatively weak credit profiles. While exposure to state distribution utilities with stressed financial positions entail collection risk, this is mitigated by the benefits of the tripartite mechanism among the GoI, the state governments and the Reserve Bank of India (RBI) for the recovery of dues from state discoms and also by the right to regulate supply in case of any delays in collections. Additionally, the collections from the discoms have remained satisfactory over the last few years, aided by the implementation of the Late Payment Surcharge Rules (LPS) 2022.

Further, the ratings remain constrained by the asset concentration risk, given the company's exposure to a single-location thermal power plant at Jhajjar, Haryana. This risk is partially mitigated by a comprehensive insurance coverage maintained for the operating assets. ICRA also notes that the company has initiated capital expenditure plans towards diversification into waste-to-energy plants, a battery energy storage project and a floating solar project. However, these projects are currently at the planning or early implementation stages, which exposes the company to execution risks. The impact of the proposed capex on the company's capital structure, including its capital allocation approach and leverage profile, will remain a key monitorable.

The Stable outlook reflects ICRA's expectation that the company will continue to report satisfactory plant availability and efficiency levels, allowing it to recover the fixed capacity charges as per the tariff order, and receive the payments in a timely manner from its offtakers.

## Key rating drivers and their description

### Credit strengths

**Presence of long-term PPAs (cost-plus return tariff) for entire capacity; managerial expertise provided by NTPC** - The PPAs for the entire quantum of power generated by APCPL are in place under the cost-plus tariff regulations, which limit its offtake and tariff risks. The power is mainly sold to the Haryana and Delhi discoms (46.2% each to both state discoms), and the balance 7.6% is allocated as per the directions of the Ministry of Power (MoP) from time to time. APCPL also benefits from the in-house technical, operational and managerial expertise provided by NTPC Limited, which reduces the operational and maintenance risks for the project. The presence of NTPC also helps the company recover dues from the discoms. The association with NTPC further strengthens the project through flexi coal arrangement with Coal India Limited and its subsidiaries, deployment of experienced NTPC personnel, and enhanced financing flexibility supported by stronger lender confidence.

**Strong debt coverage metrics, supported by healthy operating efficiencies, cost-plus tariff and declining leverage** - The tariff payable by the beneficiaries is based on the CERC's regulations, which allow for the full recovery of the variable and fixed costs with 15.5% return on equity (subject to achieving normative operating parameters) and any incentive (for better-than-normative performance). The tariff structure - being two part in nature - allows billing of the entire fixed charge to the beneficiaries, subject to the company ensuring higher-than-normative plant availability (PAF of 85%). There have been no major disallowances in the tariff approved for the FY2015-FY2019 and FY2020-FY2024 control periods, thereby supporting a healthy cash flow generation. In FY2025, the company has filed petition for tariff approval for the FY2025-FY2029 control period. The tariff order is yet to be approved by the CERC. The steady cash flow, along with the healthy operating efficiencies

and declining leverage, enables the company to maintain strong debt coverage metrics, with the annual DSCR remaining well above 1.5x.

**Healthy collection efficiency and strong liquidity position** - APCPL's collection efficiency has remained healthy over the years with timely payment of dues by two of its major beneficiaries i.e. Haryana discoms and TPDDL (rated [ICRA]AA+ (Stable)/[ICRA]A1+) aiding its liquidity position. All past material dues have been cleared and the current dues are also being paid in a timely manner by all the discoms, which is expected to support the continuation of a strong liquidity position for the company, despite the large dividend outflow.

### Credit challenges

**Counterparty credit risk from exposure to discoms in Haryana and Delhi** - APCPL's contracted capacity is primarily sold to the Haryana and Delhi discoms, accounting for 46.2% each, with the remaining 7.6% allocated to state discoms through the central pool mechanism of the Ministry of Power. While the underlying exposure reflects the moderate credit profiles of some of the offtakers, the counterparty credit risk is mitigated by the tripartite mechanism among the Government of India, the respective state governments, and the Reserve Bank of India, which facilitates the recovery of dues from state discoms. Additionally, after the implementation of the Late Payment Surcharge (LPS) rules, June 2022, the collections from the offtakers have been timely.

**High cost of power affecting tariff competitiveness of offtakers** – APCPL's landed cost of coal is relatively high due to the inland location of the plant, which results in elevated variable cost of power and adversely affects the tariff competitiveness of the project. The relatively low position of the company's project in the merit order position of the discoms has impacted the PLF levels of the plant. However, the low PLF level does not impact the recovery of the fixed charges, subject to maintaining a normative plant availability of 85%, thereby supporting the profitability of the company.

**Asset concentration risk**- The ratings remain constrained by the asset concentration risk as the company's operations are entirely dependent on a single-location thermal power plant at Jhajjar, Haryana. This risk is partially mitigated by the plant's demonstrated operational track record and the presence of a comprehensive insurance coverage for the operating asset.

### Liquidity position: Strong

APCPL's liquidity is expected to remain strong, backed by the cost-plus nature of operations, healthy collections from the offtakers and the available cash balances. As on December 31, 2025, the company had a healthy free cash balance of Rs. 455 crore. Further, APCPL is expected to generate adequate cash flow for debt servicing in FY2026 and FY2027 and still have surplus cash from operations. While the company does have moderate capex plans, going forward, ICRA expects the incremental liquidity released to be largely used for dividend payouts, while maintaining an adequate buffer to meet the operating and debt servicing requirements.

### Rating sensitivities

**Positive factors** – ICRA may upgrade the ratings if the company continues to demonstrate a healthy operating performance with timely collections from the counterparties on a sustained basis, leading to strong cash flows and reduced leverage, thereby improving the debt coverage metrics and return indicators

**Negative factors** – Any deterioration in the operating parameters, impacting the company's ability to bill for the full capacity charges, and/or under-recovery on energy charges materially impacting the cash generation may result in a downgrade. Significant delays in payments from the counterparties affecting the liquidity will also weigh on the ratings. Further, disallowances in capital or operating costs by the regulator adversely impacting the company's debt coverage metrics with the cumulative DSCR falling below 1.45 times on a sustained basis may warrant a downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Power – Thermal</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

APCPL is a joint venture company of NTPC Ltd (50%), Haryana Power Generation Company Ltd (HPGCL; 25%) and Indraprastha Power Generation Company Ltd (IPGCL; 25%). It has constructed a 1,500-MW coal-based power plant near Jharli village in the Jhajjar district (Haryana), named Indira Gandhi Super Thermal Power Project (IGSTPP). All the three units of the project have been commissioned with the last unit achieving COD on April 26, 2013. The cost of the project was Rs. 10,131 crore, funded in a debt-to-equity ratio of 70:30. At present, the company is having an FSA with Northern Coalfields Limited (NCL) – 1.50 MMT, Eastern Coalfields Limited (ECL) – 0.58 MMT and Central Coalfields Limited (CCL) – 3.54 MMT.

With a majority ownership of NTPC (50%), APCPL has been designated a central generating station, whereby the MOP can regulate its power, as per the notification issued in April 2000 for the allocation of power from the central generating stations. As per the initial allocation, the MOP allocated 46.2% capacity each to the Haryana and Delhi discoms and retained 7.6% of the total capacity as unallocated quota, which can be allocated to the other beneficiary states.

### Key financial indicators (audited)

APCPL	FY2024	FY2025	9M FY2026*
Operating income (OI)	5386.9	5460.2	3626.4
PAT	747.4	751.9	510.0
OPBDIT/OI	26.1%	25.0%	24.5%
PAT/OI	13.9%	13.8%	14.1%
Total outside liabilities/Tangible net worth (times)	0.7	0.6	0.5
Total debt/OPBDIT (times)	1.6	1.3	1.2
Interest coverage (times)	8.3	9.5	9.7

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, \*Provisional

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs. crore)	Apr 21, 2026	Date	Rating	Date	Rating	Date	Rating
<b>Fund based - Cash credit</b>	Long term	800.00	[ICRA]AA+ (Stable)	Apr 07, 2025	[ICRA]AA+ (Stable)	-	-	Mar 19, 2024	[ICRA]AA (Stable)
<b>Fund based - Term loan</b>	Long term	1,234.11	[ICRA]AA+ (Stable)	Apr 07, 2025	[ICRA]AA+ (Stable)	-	-	Mar 19, 2024	[ICRA]AA (Stable)
<b>Unallocated limits</b>	Long term	2,928.27	[ICRA]AA+ (Stable)	Apr 07, 2025	[ICRA]AA+ (Stable)	-	-	Mar 19, 2024	[ICRA]AA (Stable)
<b>Non-fund based - Others</b>	Short term	125.00	[ICRA]A1+	Apr 07, 2025	[ICRA]A1+	-	-	Mar 19, 2024	[ICRA]A1+

## Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$)

(%) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.  
These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund based - Term loans	Simple
Long term – Fund based - Cash credit	Simple
Long term- Unallocated	Not applicable
Short term - Non-fund based - LC/BG	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	FY2021/FY2024	-	FY2028/FY2035	1234.11	[ICRA]AA+ (Stable)
NA	Fund based, working capital	-	-	-	800.00	[ICRA]AA+ (Stable)
NA	Unallocated	-	-	-	2928.27	[ICRA]AA+ (Stable)
NA	Non-fund based	-	-	-	125.00	[ICRA]A1+

Source: Company

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

### Annexure III: List of entities considered for consolidated analysis- Not applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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For more information, visit [www.icra.in](http://www.icra.in)

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