August 03, 2026

Chatti Bariatu Coal Mining Private Limited: Ratings assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Fund based – Term loans	225.00	[ICRA] BBB (Stable); assigned	RBI
Long-term/short-term – fund based - Working capital facilities	35.00	[ICRA] BBB (Stable)/ [ICRA]A3+; assigned	RBI
Long-term – Unallocated limits	20.00	[ICRA] BBB (Stable); assigned	RBI
Total	**280.00**		

**Instrument details are provided in Annexure I*

#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.

Rationale

The assigned ratings for Chatti Bariatu Coal Mining Private Limited (CBCMPL) factor in the long-term concession agreement (CA) with NTPC Limited (rated [ICRA]AAA (Stable)/[ICRA]A1+) as the mine developer and operator (MDO) of the Chatti Bariatu coal mine in Jharkhand. As per the CA, the company will undertake the development and mining of 151.8 million metric tonnes (MT) of coal reserves and 261.49 million cubic metres (MBCM) of overburden (OB) removal at an average strip ratio of 1.71 times. The contractual structure mitigates offtake and price risks through assured offtake by NTPC and an inflation-linked mining fee mechanism on per tonne coal dispatched, thereby providing protection against market risks and cost escalations.

The ratings also derive comfort from the strategic importance of domestic coal production and the Government of India's continued focus on enhancing coal self-sufficiency, which is expected to support sustained demand over the medium to long term. The ratings further derive comfort from the sponsor support available to the project from its parent, Rithwik Projects Private Limited (RPPL, rated [ICRA]A- (Stable)/[ICRA]A2+). RPPL has extended an unconditional and irrevocable corporate guarantee in favour of Power Finance Corporation (PFC) for the entire term loan availed by CBCMPL and has given undertaking to provide timely financial support in the event of any funding or debt-servicing shortfall. Further, RPPL has already demonstrated its financial support to the entity through infusion of unsecured loans and advances. The ratings also draw comfort from various structural features of debt, including the maintenance of trust and retention account (TRA), debt service reserve account (DSRA) equivalent to six months of debt-servicing obligations, restrictions on cash distributions, and subordination of the entire promoter contribution, including compulsory convertible preference shares (CCPS), to the term loan facility throughout the debt tenure.

The ratings also take cognisance of the expected improvement in operational performance in FY2027 and sustenance of the same in the medium term. The operations during FY2026 were constrained by lower-than-expected coal dispatches of 4.93 MT against the targeted 7.0 MT, primarily due to delays in land possession, disruptions arising from local protests related to land acquisition, and an extended monsoon season, which also affected overburden (OB) removal activities. Nevertheless, the operating environment has improved materially thereafter, supported by the resolution of majority of the land acquisition-related issues and local concerns, which is expected to facilitate a gradual ramp-up in operations. The coal dispatches increased by 31% YoY to 1.81 MT in Q1 FY2027, and the company is expected to achieve the contracted dispatch quantity of 6.5 MT of coal in FY2027 and attain its peak capacity of 7.0 MT from FY2028. The resultant improvement in revenue and profitability is expected to support the company's overall credit profile.

The ratings are, however, constrained by the limited experience of the sponsor group in the mining sector, with commercial operations for CBCMPL starting only from September 2022. The ratings are also constrained by customer concentration risk, as CBCMPL derives its entire revenue from a single customer, NTPC Limited. Although the contract provides long-term revenue visibility, it remains subject to performance-linked obligations and termination provisions. The contract could be terminated in the event of failure to achieve operational milestones, significant shortfalls in coal dispatches, or continued quality-related rejection of coal supplies, among other contractual defaults. Further, NTPC levied penalties aggregating around Rs. 71 crore during FY2026, comprising deductions for shortfalls in overburden removal and coal dispatches, highlighting the project's exposure to execution-related risks. Nevertheless, the operational performance of the company has witnessed healthy improvement in Q1 FY2027, supported by the resolution of local issues and availability of adequate mineable land to sustain operations over the next five years, thereby providing comfort and mitigating the risk of deductions or penalties in the medium term.

The company's financial risk profile also remains moderate. The financial profile has been impacted by its initial years of operations, with operating losses reported over the last two years, and substantial penalties imposed during FY2026. The operating revenues declined by around 39% in FY2026 to Rs. 143.6 crore compared to Rs. 234.8 crore in FY2025, on account of Rs. 71.2 crore of penalties levied owing to lower-than-targeted coal dispatch and OB removal. Nevertheless, the company reported healthy operating revenue of Rs. 98.7 crore in Q1 FY2027 and recorded an operating profit of Rs. 33.3 crore in Q1 FY2027, signifying the improved operating environment. The company has availed a term loan of Rs. 225 crore for mine development, with repayments commenced from October 2025. Going forward, CBCMPL's ability to sustain the recent improvement in operational performance, mitigate the operational risks in terms of penalties/deductions, and improve its cash accruals remain key rating monitorable factors. The company's ability to improve the coverage indicators on a sustained basis, while maintaining adequate liquidity will also remain critical from credit perspective.

The Stable outlook on the long-term rating reflects ICRA's expectations of a sustained ramp-up in CBCMPL's operations, leading to a steady improvement in its earnings and credit metrics.

Key rating drivers and their description

Credit strengths

Long-term concession agreement with NTPC provides revenue visibility over the contract period - CBCMPL has entered into a long-term MDO contract with NTPC Limited for 24 years, which provides strong revenue visibility over the concession period through the development and mining of 151.8 million tonnes of coal reserves and 261.49 million cubic metres (MBCM) of overburden (OB) removal at an average strip ratio of 1.71 times. The contractual structure mitigates offtake and price risks through assured offtake by NTPC and an inflation-linked mining fee mechanism on per tonne coal dispatched, thereby providing protection against market risks and cost escalations. The ratings also derive comfort from the strategic importance of domestic coal production and the Government of India's continued focus on enhancing coal self-sufficiency, which is expected to support sustained demand over the medium to long term.

Presence of Corporate guarantee from the sponsor and structural features of debt – CBCMPL is promoted by RPPL, and the parent has provided an unconditional and irrevocable corporate guarantee in favour of PFC for the entire term loan availed by CBCMPL and has given undertaking to provide timely financial support in the event of any funding or debt-servicing shortfall. Further, RPPL has demonstrated its financial support to the entity through infusion of unsecured loans and advances. The ratings also draw comfort from various structural features of debt, including the maintenance of trust and retention account (TRA), debt service reserve account (DSRA) equivalent to six months of debt-servicing obligations, restrictions on cash distributions, and subordination of the entire promoter contribution, including CCPS, to the rated term loan facility throughout the debt tenure, which supports the company's overall credit profile.

Healthy ramp-up in operations expected in FY2027 - The operating performance of the company is likely to improve in FY2027 and the same is expected to sustain in the medium term. The coal dispatches increased by 31% YoY to 1.81 MT in Q1 FY2027, and the company is expected to achieve the contracted dispatch quantity of 6.5 MT of coal in FY2027 and attain its peak capacity of 7.0 MT from FY2028. The improved performance led to an operating revenue of Rs. 98.7 crore and operating profit of Rs. 33.3 crore in Q1 FY2027. Going forward, the operating revenue is projected at above Rs. 340 crore in FY2027 and Rs. 380 crore in FY2028, driven by higher coal dispatch volumes and inflation-linked revision to the mining fee, which is expected to support the credit profile.

Credit challenges

Limited experience of sponsor in mining operations – RPPL has a relatively limited track record in the mining segment. The company commenced mining operations in 2006 with the execution of an iron-ore lump and fines excavation project in Odisha. Subsequently, with a renewed focus on the mining sector, RPPL secured three mining projects since 2021, all of which are currently under execution. However, RPPL has proven execution capabilities across large infrastructure projects and has a sizeable and diversified order book position.

Exposed to customer concentration risk and risk of deductions/penalties – CBCMPL derives its entire revenue from a single customer, NTPC Limited, exposing it to customer concentration risk. Although the contract provides long-term revenue visibility, it remains subject to performance-linked obligations and termination provisions. NTPC levied penalties aggregating around Rs. 71 crore during FY2026, comprising deductions for shortfalls in overburden removal and coal dispatches, highlighting the project's exposure to execution-related risks. Nevertheless, the operational performance of the company has witnessed healthy improvement in Q1 FY2027, supported by the resolution of local issues and availability of adequate mineable land to sustain operations over the next five years, thereby providing comfort and mitigating the risk of deductions or penalties in the medium term. The contract also carries termination risk in the event of failure to achieve operational milestones, significant shortfalls in coal dispatches, or continued quality-related rejection of coal supplies, among other contractual defaults.

Moderate financial risk profile – CBCMPL's financial risk profile remains moderate, constrained by its operating losses recorded over the last two years, and substantial penalties levied by NTPC in FY2026. The operating revenues declined by around 39% in FY2026 to Rs. 143.6 crore compared to Rs. 234.8 crore in FY2025, on account of Rs. 71.2 crore of penalties levied owing to lower-than-targeted coal dispatch and OB removal. Nevertheless, the company reported healthy operating revenue of Rs. 98.7 crore in Q1 FY2027 and recorded an operating profit of Rs. 33.3 crore in Q1 FY2027, signifying the improved operating environment. The company has availed a term loan of Rs. 225 crore for mine development, with repayments commenced from October 2025. Going forward, CBCMPL's ability to sustain the recent improvement in operational performance, mitigate the operational risks in terms of penalties/deductions, and improve its cash accruals remain key rating monitorables. The company's ability to improve the coverage indicators on a sustained basis, while maintaining adequate liquidity will also remain critical from credit perspective.

Liquidity position: Adequate

The company’s liquidity position is adequate, supported by DSRA of Rs. 6.50 crore, and free cash and liquidity of Rs. 3.50 crore as on March 31, 2026. The cash flow from operations is expected to be sufficient to meet the debt servicing obligations during the tenure of the rated instruments. Further, liquidity position is anticipated to improve over the medium term, supported by expected ramp-up in coal production, healthy operating profitability, and improved cash accruals. The liquidity position is also supported by the undertaking from the sponsor, RPPL.

Rating sensitivities

Positive factors – The ratings could be upgraded upon demonstration of ramp-up in production as per contractual commitments without any material deductions/penalties, leading to a meaningful improvement in earnings and debt coverage metrics on a sustained basis. The ratings may also be upgraded if there is a material improvement in the credit profile of the parent, RPPL.

Negative factors – Pressure on the ratings could arise, if there is a decline in production and/or material deductions/penalties, leading to significant decline in earnings and debt coverage indicators on a sustained basis. Increase in indebtedness leading to a material reduction in debt coverage metrics may also trigger a rating downgrade. The ratings may also be downgraded, if there is a deterioration in the credit profile of the parent or, if there is weakening of linkages with the parent, RPPL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Mining
Parent/Group support	Parent company: Rithwik Projects Private Limited (RPPL) Chatti Bariatu Coal Mining Private Limited (CBCMPL) is a subsidiary of RPPL and operates under a common management. ICRA expects RPPL to be willing to extend timely financial support to CBCMPL, should there be a need, given its strategic importance to RPPL, and out of its need to protect its reputation. RRPL has also indicated its willingness to support CBCMPL by extending an unconditional and irrevocable corporate guarantee for CBCMPL's borrowing programme for full tenor of the rated term loan facility.
Consolidation/Standalone	Standalone

About the company

Chatti Bariatu Coal Mining Private Limited (CBCMPL) was set up in 2021. The company is a special purpose vehicle (SPV) incorporated to undertake mining operations for the Chatti Bariatu coal block in Jharkhand. CBCMPL is a subsidiary of Rithwik Projects Private Limited (74% stake) and AMR India Limited (26% stake). The company operates as a mine developer and operator (MDO) for coal extraction and delivery.

Key financial indicators (audited)

CBCMPL (Standalone)	FY2025	FY2026*
Operating income	234.8	143.7
PAT	-10.7	-54.8
OPBDIT/OI	-4.3%	-21.3%
PAT/OI	-4.5%	-38.1%
Total outside liabilities/Tangible net worth (times)	4.5	52.5
Total debt/OPBDIT (times)	-24.0	-9.9
Interest coverage (times)	-20.0	-2.1

*Source: Company, ICRA Research; * Provisional numbers; 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: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)				Chronology of rating history for the past 3 years					
			FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	225.00	Aug 03, 2026	[ICRA] BBB (Stable)	-	-	-	-	-	-
fund based - Working capital facilities	Long-term/ Short-term	35.00	Aug 03, 2026	[ICRA] BBB (Stable)/ [ICRA]A3+	-	-	-	-	-	-
Unallocated limits	Long-term	20.00	Aug 03, 2026	[ICRA] BBB (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund based – Term loans	Simple
Long term/Short term – fund based - Working capital facilities	Simple
Long-term – Unallocated limits	Not Applicable

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	Financial Sector Regulator#
NA	**Long-term – Fund based – Term loans**	January 2024	NA	September 2035	225.00	[ICRA] BBB (Stable)	RBI
NA	**Long term/Short term – fund based - Working capital facilities**	NA	NA	NA	35.00	[ICRA] BBB (Stable)/ [ICRA]A3+	RBI
NA	**Long-term – Unallocated limits**	NA	NA	NA	20.00	[ICRA] BBB (Stable)	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

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

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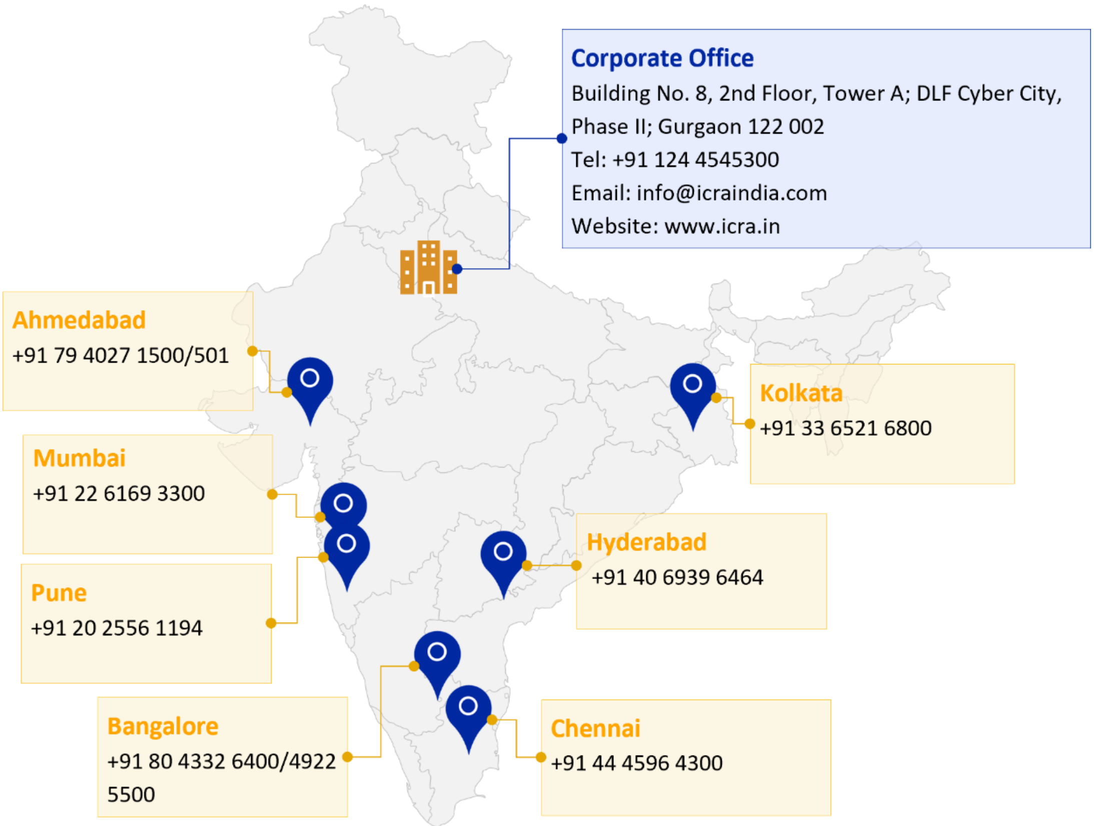

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