September 14, 2026

Dhariwal Infrastructure Limited: Ratings upgraded

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term fund-based – Term loan	2259.35	2259.35	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)	RBI
Long-term – Working capital limits	450.00	450.00	[ICRA]A+ (Stable); upgraded from [ICRA]A(Stable)	RBI
Long term/Short term - Non-fund based limits	130.00	130.00	[ICRA]A+ (Stable)/[ICRA]A1; upgraded from [ICRA]A(Stable)/ [ICRA]A2+	RBI
Total	**2,839.35**	**2,839.35**		

**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 rating action for Dhariwal Infrastructure Limited (DIL) factors in the healthy financial performance of the company in FY2026 and Q1 of FY2027 and expected sustenance of the same over the near to medium term aided by a significant increase in the blended tariffs following the execution of the new medium term PPA's and attractive merchant tariffs. Besides, the operating profits in FY2026 was aided by significant booking of carrying cost amounting to the tune of around Rs.102 crore which was billed to Noida Power Corporation Limited (NPCL) pertaining to the long-term PPA for 187 MW, as a result of favourable true-up order issued by the Uttar Pradesh Electricity Regulatory Commission (UPERC) for the control period FY2020-FY2024.

The ratings continue to derive comfort from the company's strong parentage as a part of the RP-Sanjiv Goenka (RP-SG) Group with it being a 100% subsidiary of CESC Limited (rated [ICRA]AA (Stable) / [ICRA]A1+), the satisfactory operating performance of its 600-MW thermal power project, and the availability of long-term power purchase agreements (PPAs) for Unit 2 (300 MW) and a medium-term PPA for a major share of Unit 1 (300 MW). ICRA notes that the offtake risks for Unit 2 of the plant are mitigated given the presence of long-term PPA for 187 MW tied up with Noida Power Corporation Limited (NPCL) under cost-plus tariff valid till March 2040 and another 109 MW with Tamil Nadu Power Distribution Corporation Limited (TNPDCL) under competitive bid-based tariff, which, however, is valid till September 2028.

The ratings also consider the low fuel-supply risk because of the fuel supply agreement (FSA) for around 550 MW of the 600-MW capacity, with supply linked to availability of long-term and medium-term PPAs. For the supply of power under the new medium term PPA's from Unit 1, DIL has secured coal availability under the 'SHAKTI' policy, which further mitigates the fuel supply risk. The operating performance of the project under DIL remains satisfactory, with plant availability remaining well above the normative requirement and the plant load factor (PLF) remaining at healthy levels. The company also benefited from the attractive tariffs for the power sold in the short-term market since FY2023, led by the healthy electricity demand growth in the country. Given the company's exposure to the medium-term/ short-term power market, the sustainability of healthy power demand conditions remains a key monitorable for DIL.

The company has earlier received funding support from its fellow subsidiary, Haldia Energy Limited (HEL; rated [ICRA]A1+), and its parent, CESC Ltd. (CESC; rated [ICRA]AA(Stable)/[ICRA]A1+). However, it has remained self-sufficient over the last few years and did not require any support from the Group. While ICRA does not envisage the requirement of any incremental funding support from the parent/Group companies over the medium term, any such support, if required, is expected to be available from the parent/Group companies, as demonstrated in the past. That said, with DIL's free cash flows improving in recent years, the company has been fully repaid its Group advances.

The ratings remain constrained by the unavailability of long-term PPA for Unit 1 of DIL's power plant, though the tie-up of new medium term PPA's (25 MW with NPCL, 125 MW with Adani Electricity Mumbai Limited and 75 MW with The Tata Power Company Limited; net capacity basis) offers enhanced revenue visibility over the near term and mitigates the offtake risk to a large extent. Nevertheless, DIL's ability to tie up PPA for the balance capacity at attractive tariffs and renew the medium-term PPAs at remunerative tariffs in the future will remain a key credit monitorable. The capacity without long-term or medium-term PPAs accumulating to 50 MW would remain exposed to volume and tariff risks in the short-term market, as well as fuel pricing risk.

The company also remains exposed to counterparty credit risk on account of its exposure to the state utility of Tamil Nadu. There have been significant delays in receiving payments from TNPDCL in the past, while the payment pattern from NPCL and the other parties has been satisfactory. Nonetheless, the payment track-record from TNPDCL has improved post June 2022, following the implementation of the late payment surcharge (LPS) rules as notified by the Ministry of Power. ICRA also takes note of the company's exposure to regulatory risks, given the ongoing legal proceedings before the Supreme Court challenging the jurisdiction of Uttar Pradesh Electricity Regulatory Commission (UPERC) in approving the 187-MW PPA with NPCL. Any adverse regulatory outcome in the matter remains a key rating monitorable.

Key rating drivers and their description

Credit strengths

Strong parentage with DIL as part of RP-SG Group – DIL is a 100% subsidiary of CESC, which is the flagship company of the RP-SG Group. By virtue of its parentage and Group linkages, DIL has benefited in the past as the RP-SG Group extended financial support during FY2015-FY2021. While the company did not require any incremental support over the past few years, such need-based support from the parent/the RP-SG Group is expected to continue, in case of any cash flow mismatches.

Availability of long-term and medium-term PPAs limits the offtake risks – The availability of long-term PPAs for the capacity under Unit 2 limits the offtake risk. However, DIL faced significant offtake risk for the 300-MW capacity under its Unit 1 which did not have a long-term PPA and was relying on short-term arrangements for the sale of power till March 2022. The company had tied up a three-year PPA for 210 MW out of the 300 MW capacity of Unit 1 with the Indian Railways for supply of power from April 1, 2022 to March 31, 2025. Subsequently, the company has tied up new medium term PPAs (25 MW with NPCL, 125 MW with Adani Electricity Mumbai Limited and 75 MW with The Tata Power Company Limited; net capacity basis) effective from Q1 of FY2026, which offers enhanced revenue visibility over the near term and mitigates the offtake risk to a large extent.

Fuel-supply agreement mitigates fuel availability risks – DIL has an operational FSA with SECL since March 2016, which mitigates fuel availability risk and ensures competitive energy cost for the station. The FSA is for the supply of 1.58 million tonne per annum (MTPA) of coal mapped to the 300-MW installed in Unit 2 which supplies power under the long-term PPAs. Coal shortage, if any, is met through e-auctions/SHAKTI policy/imports. For the supply of power under the new medium term PPA's from Unit 1, DIL has secured coal availability under the 'SHAKTI' policy for the supply of 1.15 million tonne per annum (MTPA) of coal, which further mitigates the fuel supply risk.

Favourable regulatory orders from CERC and UPERC – DIL has received favourable regulatory orders from the CERC and UPERC under its long-term PPAs for compensation for change-in-law events along with reimbursement for the additional coal consumed due to lower materialisation of FSA coal. The company has billed the compensation approved by the regulators and most of it has already been received.

Credit challenges

Absence of long-term PPA for Unit 1 – While the offtake is secured for the 300-MW capacity in Unit 2 through long-term PPAs, and a medium-term PPA for 225 MW under Unit 1, the ability of the company to tie up PPA for the balance capacity and renew the medium term PPAs at attractive tariffs in the future will remain a key credit monitorable. Further, DIL remains exposed to coal availability and pricing risk for the capacities not contracted under a long-term and medium-term PPA. Also, there are fuel cost pass-through risks for the capacities not contracted on a cost-plus basis. ICRA, however, notes that the escalation in fuel cost for long-term PPA with TNPDCL is largely passed on to the consumers on the basis of the escalation factor notified by the CERC. Fuel cost escalation for the PPA with NPCL is entirely passed on by DIL in a timely manner given that the tariff is determined on a cost-plus basis. For the medium term PPA's, the escalation in tariff is linked to WPI.

Counterparty risk on account of exposure to state power distribution utility of Tamil Nadu – DIL remains exposed to counterparty credit risk on account of its exposure to the state power distribution utility of Tamil Nadu, which has a weak financial profile. However, following the implementation of LPS rules, the receivables have come down with regular payment of the ongoing bills post July 2022 and recovery of past dues through instalments. The sustainability of the improvement will remain a key monitorable. ICRA draws comfort from the timely payments from NPCL and the other parties.

Exposure to regulatory risk pertaining to ongoing case in Supreme Court – DIL is exposed to regulatory risk pertaining to the approval of the PPA with NPCL. This approval by UPERC has been challenged before APTEL, wherein the decision is in favour of the company. This has been challenged before the Supreme Court. Any adverse regulatory outcome in the matter remains a key rating driver.

Liquidity position: Adequate

The liquidity profile of the company is adequate with the cash flow from operations expected to be sufficient to meet the debt servicing obligations, driven by the availability of long-term and medium-term PPAs. Also, the company had free cash/bank balance of Rs.1271 crore as on March 31, 2026. Moreover, ICRA expects the promoter group to infuse additional funds, if required, as demonstrated in the past.

Rating sensitivities

Positive factors – ICRA could upgrade DIL's ratings if there is an improvement in the company's earnings and debt protection metrics on a sustained basis, supported by healthy operating performance and remunerative tariffs in relation to its cost of power generation.

Negative factors – The ratings could be downgraded if there is any adverse regulatory ruling, leading to uncertainty over the PPA with NPCL, resulting in a material drop in DIL's earnings. Also, the inability to ensure adequate plant availability adversely impacting DIL's earnings, or material delays in payments from customers affecting the liquidity profile could trigger a downgrade. Moreover, any change in linkages with the CESC Group or weakening of the credit profile of CESC may trigger a rating revision.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Thermal
Parent/Group support	Parent/Group: Parent: CESC Limited; Group: RP-SG Group The ratings assigned to DIL factor in the high likelihood of its parent, CESC Limited [rated [ICRA]AA(Stable)/[ICRA]A1+], extending financial support to DIL out of the need to protect its reputation from the consequences of a Group entity's distress; there also exists a consistent track record of the RP-SG Group extending timely financial support to DIL in the past, whenever a need arose
Consolidation/Standalone	The ratings are based on the company's standalone financial profile

About the company

Dhariwal Infrastructure Limited (DIL) is a part of the Kolkata-based RP-SG Group. It is a wholly-owned subsidiary of CESC Limited, the flagship company of the RP-SG Group. The company has 2X300 MW thermal-based power generation units at Chandrapur, Maharashtra. The two units with a capacity of 300 MW each were commissioned on February 11, 2014 (Unit 1) and August 2, 2014 (Unit 2).

Key financial indicators (audited)

DIL	FY2025	FY2026
Operating income	1963.3	2190.6
PAT	313.3	358.6
OPBDIT/OI	27.6%	33.6%
PAT/OI	16.0%	16.4%
Total outside liabilities/Tangible net worth (times)	2.0	1.7
Total debt/OPBDIT (times)	5.2	3.9
Interest coverage (times)	3.0	3.2

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: Not applicable

Any other information: None

Rating history for past three years

	Current rating (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
Working capital limits	Long Term	450.00	Sept 14, 2026	[ICRA]A+ (Stable)	May 19, 2025	[ICRA]A - (Stable)	-	-	Jul 31, 2023	[ICRA]BBB+ (Positive)
					Aug 19,2025	[ICRA]A - (Stable)	-	-	Feb 16, 2024	[ICRA]A- (Stable)
					December 04, 2025	[ICRA] A (Stable)				
Non Fund Based-Others	Long Tem/Short Term	130.00	Sept 14, 2026	[ICRA]A+ (Stable)/ [ICRA]A1	May 19, 2025	[ICRA]A - (Stable) / [ICRA]A 2+	-	-	Jul 31, 2023	[ICRA]BBB+ (Positive)/ [ICRA]A2
					December 04, 2025	[ICRA]A (Stable) / [ICRA]A 2+				
					Aug 19,2025	[ICRA]A - (Stable) / [ICRA]A 2+	-	-	Feb 16, 2024	[ICRA]A- (Stable)/ [ICRA]A2+
Fund Based-Term Loan	Long Term	2,259.35	Sept 14, 2026	[ICRA]A+ (Stable)	May 19, 2025	[ICRA]A - (Stable)	-	-	Jul 31, 2023	[ICRA]BBB+ (Positive)
					Aug 19,2025	[ICRA]A - (Stable)	-	-	Feb 16, 2024	[ICRA]A- (Stable)
					December 04, 2025	[ICRA] A (Stable)				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund-based – Term loan	Simple
Long term – Working capital limits	Simple
Long term/Short term - Non-fund based limits	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	Financial sector regulator#
NA	**Term Loan**	NA	NA	September 2035	2259.35	[ICRA] A+ (Stable)	RBI
NA	**Working capital limits**	NA	NA	NA	450.00	[ICRA] A+ (Stable)	RBI
NA	**Non-fund based limits**	NA	NA	NA	130.00	[ICRA]A+ (Stable)/ [ICRA]A1	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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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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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