

Sasan Power Limited

April 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8,377.00* (Reduced from 10,562.00)	CARE BB; Stable	Reaffirmed
Long Term Bank Facilities	6,067.00	CARE BBB-; Stable	Assigned
Long Term / Short Term Bank Facilities	376.00	CARE BB; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

*The amount rated comprises existing term loan of Rs 5,656 crore and proposed term loan of Rs 6,067 crore. At any point in time, only one of the above-mentioned term loan would be outstanding.

Rationale and key rating drivers

CARE Ratings has assigned a BBB- rating to the proposed bank facilities of Sasan Power Limited (SPL) and simultaneously reaffirmed the BB rating on the outstanding bank facilities of the company. SPL proposes to refinance Rs. 5,656 crore out of the current outstanding debt of ~Rs 7,500 crore, through a term loan from Power Finance Corporation (PFC) at favourable terms, including reduction in interest rate by ~275 bps. Moreover, the proposed loan also includes funding of DSRA for one quarter of debt servicing which will improve the liquidity of the company, albeit increasing the overall indebtedness of the company. CARE Ratings also notes that the refinanced debt will have a final maturity in FY36, which is in line with the existing debt and ensures availability of a sufficient tail of ~4 years as the PPA is valid till FY40. Moreover, as a part of the refinancing, SPL will enter into a co-obligor arrangement with a group company Rosa Power Supply Company Limited (RPSCL) not later than September 2026 end. It will be incumbent on SPL and RPSCL to enter into a co-obligor arrangement prior to the mentioned date in case of an adverse outcome in a pending litigation namely the MP GATSAVA case. CARE Ratings in its current assessment has assessed the entity on a standalone basis and believes that once the cash flows of both the entities are shared, it would lend additional comfort to SPL as CARE estimates better coverage indicators for RPSCL. CARE Ratings expects that a significant portion of the current debt will be repaid, leading to the withdrawal of rating of the existing instrument. Once the proposed debt is disbursed, CARE expects that the credit profile of remaining portion of the existing debt to also improve substantially from the current levels.

CARE Ratings positively factors in the fund infusion of Rs. 2,250 crore by group company RPSCL via Reliance Power Limited (RPL) which has been utilised for making bullet repayment of USD 150 million loan from IIFC UK which was due in December 2024 end and settlement of statutory dues which were due to The Government of Madhya Pradesh (GoMP). SPL has settled statutory dues with GoMP as confirmed vide GoMP's order dated March 21, 2025 wherein the settlement amount of Rs 1,328 crore was paid by SPL. SPL has only paid the principal amount and the carrying cost has been frozen with bullet payment due in December 2036. During the interim, SPL will have to pay interest on this amount and the same has been factored in CARE Ratings base case assessment.

The refinancing of term loan at favorable terms and reduction in debt level (as compared to debt outstanding previously) is likely to improve the debt servicing ability of the company. As per CARE Ratings base case assessment the projected average DSCR of the company is likely to improve to 1.25x over the debt tenor.

SPL continues to derive strength from the presence of a 25-year long-term power purchase agreements (PPAs) for the entire 3,960 MW capacity from commercial operations date (March 2015) imparting revenue visibility. The project was awarded via a case II competitive bidding with levelized tariff of Rs 1.19 per unit. The realized tariff in the last 3 years after factoring in change in law compensation was highly competitive at ~Rs 1.51 per unit. The rating derives benefit from the presence of captive coal mines allocated to the project which ensures fuel security and leads to low landed cost of fuel. The rating continues to derive strength from strong operational performance of the project as evident from plant availability factor and plant load factor remaining above 90% in the past (except FY23).

The ratings however remain constrained on account of the very fine tariff structure, which results in modest return and profitability indicators. In addition, the structure of the tariff with respect to non-escalable energy and capacity charges are such that they limit the company's ability to pass on any escalation in operating expenses. The ability of the company to demonstrate operational

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

performance in line with past trends and within budgeted cost shall be a key rating monitorable. The company is exposed to regulatory risk associated with MPGATSAVA tax wherein the company is computing its dues basis its mining cost whereas the MP Government contends that the same should be paid basis the Coal India Limited's (CIL) notified price. As a result, the company has recognized a contingent liability of Rs 1,294 crore (principal and interest) as on March 31, 2024 towards MPGATSAVA. However, as per Supreme Court order dated August 14, 2024 in a similar case, interest amount is waived. Any crystallisation of such claims against the company would be a credit negative event for SPL. The company is exposed to counterparty credit risk as PPA offtakers are state discoms with moderate to weak financial profiles. However, the project's low tariff and high merit order ranking mitigate the risk to a large extent as evident from timely payments from offtakers in the past. The ratings are also constrained by execution and funding risk that may rise in case the company is required to proceed with the Flue gas desulphurisation plant (FGD). CARE Ratings notes that the timeline for implementation of FGD has been extended by 3 years till December 2029. SPL is exposed to foreign currency risk owing to 10% of outstanding debt being denominated in USD which remains unhedged as on date. The company is also exposed to interest rate risk since tariff is fixed for PPA tenor and interest rate is floating for rupee term loans.

CARE Ratings notes that the parent company of SPL i.e. RPL has weak financial profile and has defaulted on its debt obligations (including guaranteed debt) in the past. However, as confirmed by the incoming lender, the cash flows of SPL are ringfenced owing to the presence of an escrow and no leakages are expected from the surpluses generated by SPL, except in the event of a cash sweep exercised by the lender. Non-adherence of the TRA mechanism leading to higher cash leakage to RPL or ADAG group companies shall be a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Satisfactory operational performance as reflected by PLF remaining above 90% and opex along with interest expenses remaining below CARE Ratings' base case estimate on a sustained basis.
- Faster than expected deleveraging.

Negative factors

- Cash leakage from SPL to RPL or any other ADA Group entity, except in the event of exercising of cash sweep by the lender
- Significantly lower-than-envisaged generation levels or increase in operating cost leading to DSCR below 1.20 times on a sustained basis.
- Delay in payment from offtakers adversely impacting liquidity position of the company.
- Any adverse regulatory order impacting the cash flows.

Analytical approach: Standalone

Outlook: Stable

The stable outlook is supported by presence of long term PPA for 25 years from COD, availability of captive coal mine associated with the project and competitive tariff leading to high position in merit order.

Detailed description of key rating drivers:

Key strengths

Proposed refinancing at favorable terms

In March 2025, Sasan Power Limited (SPL) has received sanction for refinancing of majority of outstanding debt leading to reduction in interest rate by ~275 bps and funding of one quarter DSRA via first disbursement. This refinancing is expected to improve the debt coverage indicators of the company with projected DSCR above 1.25 times. The disbursement of DSRA shall improve the liquidity position of the company. The DSRA funded by lender is envisaged to be replaced by DSRA from internal accruals, with the overall requirement equivalent to two quarters of debt servicing created from cash flows. The refinanced loan is scheduled to be repaid by FY2036, while the existing long-term PPAs are valid till FY2040, providing a tail period of four years.

Proposed Co-Obligor Structure with Rosa Power

As per the proposed sanction terms, Sasan Power Limited (SPL) and Rosa Power Supply Company Limited (Rosa) shall enter into a co-obligor arrangement after September 2026 or earlier in case of adverse judgement in MPGATSAVA case which is pending at Honorable SC. Under the co-obligor structure, both SPL and Rosa would jointly service their respective debt obligations, with surplus cash flows from one entity available to meet any shortfall in the other. As the co-obligor structure has not yet been operationalised, the current rating continues to be assessed on a standalone basis.

Settlement of Statutory Dues with Deferral of carrying cost till FY2036

In March 2025, SPL reached a settlement with Government of Madhya Pradesh (GoMP) regarding statutory dues liabilities amounting to ₹1,328 crore. The dues were settled via ₹1,000 crore extended as a loan from group company and ₹328 crore paid out of receivables from procurers on account of change of law recovery. The carrying cost due to past delays in payment of statutory dues are allowed to be repaid in bullet repayment in December 2036 and SPL will be required to service annual interest payments at a rate of RBI repo rate + 1%.

Support from group company in FY2025

During FY2025, Rosa Power has extended support of Rs 2,250 crore to SPL comprising of Rs 1,260 crore for repayment of USD 150 million bullet repayment due on December 31, 2024 and Rs 1,000 crore for partial settlement of statutory dues to MP Government. Timely support from group company has helped in reducing the debt levels and liability associated with statutory dues.

Healthy operating performance

The company has track record of over a decade of operating the 3,960-MW super critical thermal power project and captive coal mines. The operational performance has been satisfactory in the past with PAF and PLF remaining above 90% (except FY23) in the past. In FY25, company has reported PAF of 90.50% (FY24: 92.45%, FY23: 84.70%) and PLF of 90.90% (FY24: 93.52%, FY23: 85.80%). PAF and PLF moderated in FY23 owing to the outage of one unit due to transformer failure, which was rectified by the company in FY24. Ability of the company to demonstrate healthy PLF above 90% on sustained basis in line with past trends will be a key rating monitorable.

Presence of long term PPA leading to low revenue risk

SPL has its entire capacity of 3960 MW tied up under long-term PPAs with 14 power distribution companies across seven different states for 25 years from COD of the last unit (March 2014), which mitigates off-take risk. SPL's tariff is competitive as evident from levelised tariff of ₹1.19 per unit at time of bidding. The current tariff (including change in law compensation) remains competitive at Rs ~1.5 per unit.

Adequate coal availability with operational coal mine

The project originally was allotted three captive coal mine blocks, Moher, Moher Amlohri Extension, and Chhatrasal, with estimated coal reserves of ~700 MT. Chhatrasal coal mine was de-allocated by Ministry of Coal, Government of India (GoI), in May 2015. The rated mining output from Moher and Moher Amlohri mine is 20 MTPA which is sufficient for meeting the requirements of the plant. At envisaged PLF, the annual coal requirement is ~18-19 MT. The presence of captive mine leads to low fuel cost (Rs 0.5-0.55 per unit) and supports the tariff competitiveness of the project.

Key weaknesses

Counter party credit risk associated with state distribution utilities

SPL remains exposed to counterparty credit risk owing to the moderate to weak financial profile of state distribution utilities with which it has long-term power purchase agreements (PPAs). However, this risk is partially mitigated by highly competitive tariff of the project and timely payment in the past. In the event of persistent payment delays or defaults by the procurers, the PPAs allow for third-party sale of power, providing a potential power sale safeguard. These factors, coupled with increasing electricity demand and elevated prices in the short-term power market, help buffer the impact of counterparty-related risks.

Contingent Liability from MPGATSA Case

As of March 31, 2024, SPL has estimated contingent liability of ₹1,294 crore with respect to MPGATSAVA case consisting of ₹678 crore in principal and ₹618 crore in interest. The contingent liability is on account of dispute over applicability of MPGATSAVA and methodology of computation (mining cost vs CIL notified price) for calculation of liability. The issue is pending at Honorable SC. The company may incur an additional liability in case of adverse regulatory order out of which part liability can be recovered via change in law. With respect to contingent liability, CARE Ratings notes that Supreme Court has waived interest component and allowed principal component to be paid in 12 annual installments starting from final assessment order.

Capex associated with FGD

As per notification from MoEF, coal based thermal power plants including SPL are required to incur capital expenditure for installation of FGD. The estimated capex for the same is Rs 0.6 crore per MW to be funded by mix of debt and equity. While the cost incurred is expected to be a pass-through under the tariff, the company will remain exposed to funding and execution risks for the timely completion of this capex within the budgeted cost. CARE Ratings notes that MoEF vide its notification dated December 30, 2024, has extended the timeline for FGD implementation by 3 Years i.e. upto December 31, 2029.

Weak credit profile of promoter group

The credit profile of parent company RPL is weak as evident from delays in debt servicing (including guaranteed debt) in the past. RPL has guaranteed the debt availed by Samalkot Power which is setting up 2200 MW gas power plant. While debt levels of Samalkot Power has declined from USD 350 million to USD 150 million in the past from the proceeds of asset sale, the ability of the group to settle remaining debt shall be critical. The group has two renewable projects (40 MW solar PV and 100 MW CSP), where delays in debt servicing have also been observed, although these borrowings are not guaranteed by RPL.

CARE Ratings has factored in the presence of TRA mechanism in SPL while assessing the rated debt which ring fences the cash flows of the company. Non adherence of TRA mechanism leading to higher cash leakage to RPL or ADAG group companies shall be a key rating monitorable

Exposure to Fixed Tariff Structure, Interest Rate Volatility, and Foreign Currency Risk

SPL's ability to absorb cost escalations remains constrained due to the fixed nature of tariff with non-escalable capacity and energy charges. The company also remains exposed to interest rate risk with interest rate being floating in nature. Any upward movement in interest rates directly affects the company's debt servicing capacity and cash flows.

Additionally, the company remains exposed to foreign exchange rate fluctuations owing to the presence of foreign currency borrowings, which constituted approximately 10% of total outstanding debt as of March 31, 2025. However, the risk is mitigated to some extent as the last repayment for foreign currency loans is in September 2026.

Liquidity: Adequate

The satisfactory operational profile with PLF remaining above 90% and timely payment from offtakers support the liquidity of the company. As on March 31, 2025, SPL had cash and liquid investments of ₹483 crore (including partial DSRA creation of Rs 199 crore). The company has sanctioned working capital limits of ₹567 crore, with an average utilisation of ~93%. The liquidity position of SPL is expected to improve post creation of a one-quarter as part of refinanced debt. Additionally, Rosa Power, a group entity, had cash and liquid investments of ₹442 crore as on March 31, 2025, providing further comfort at the group level.

Applicable criteria

[Policy on Default Recognition](#)

[Notching by Factoring Linkages in Ratings](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Rating of Short Term Instruments](#)

[Thermal Power](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

Sasan Power Limited (SPL), a wholly owned subsidiary of Reliance Power Limited, was incorporated to develop and operate a 3,960 MW (6x660 MW) supercritical coal-based Ultra Mega Power Project (UMPP) located in Sasan, Singrauli district, Madhya Pradesh. The project includes associated captive coal mines and high-capacity transmission infrastructure (4 lines of 765 kV and 4 lines of 400 kV) and was awarded under Case II bidding by the Ministry of Power, Government of India.

SPL is one of the four UMPPs allotted by the central government and is currently the fourth-largest power plant in India by installed capacity. The plant achieved commercial operations in March 2015. It has signed long-term power purchase agreements (PPAs) with 14 DISCOMs across seven states, with Madhya Pradesh having the largest allocation at 1,396 MW (37.5%). The BTG package was sourced from Shanghai Electric Group Company Limited, China.

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total operating income	4,284	4,612	3,405
PBILDT	1,927	2,104	1,361
PAT	15	-178	-84
Overall gearing (times)	1.38	1.28	NA
Interest coverage (times)	1.51	1.49	1.21

A: Audited UA: Unaudited; NA: Not available; Note: 'these are latest available financial results' analytically adjusted under CARE Ratings' Methodology

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-Term Loan		-	-	March 2036	7499.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	March 2036	6067.00	CARE BBB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	567.00	CARE BB; Stable
Non-fund-based - LT-Forward contract/derivative limit		-	-	-	311.00	CARE BB; Stable
Non-fund-based-LT/ST		-	-	-	376.00	CARE BB; Stable / CARE A4

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	7499.00	CARE BB; Stable	-	1)CARE BB; Stable (03-Jan-25) 2)CARE BB; Negative (07-Aug-24)	1)CARE BB; Negative (14-Mar-24) 2)CARE BB+; Negative (07-Apr-23)	1)CARE BB+; Stable (31-May-22)
2	Fund-based - LT-Working Capital Limits	LT	567.00	CARE BB; Stable	-	1)CARE BB; Stable (03-Jan-25) 2)CARE BB; Negative (07-Aug-24)	1)CARE BB; Negative (14-Mar-24) 2)CARE BB+; Negative (07-Apr-23)	1)CARE BB+; Stable (31-May-22)

3	Non-fund-based-LT/ST	LT/ST	376.00	CARE BB; Stable / CARE A4	-	1)CARE BB; Stable / CARE A4 (03-Jan-25) 2)CARE BB; Negative / CARE A4 (07-Aug-24)	1)CARE BB; Negative / CARE A4 (14-Mar-24) 2)CARE BB+; Negative / CARE A4 (07-Apr-23)	1)CARE BB+; Stable / CARE A4 (31-May-22)
4	Non-fund-based - LT-Forward contract/derivative limit	LT	311.00	CARE BB; Stable	-	1)CARE BB; Stable (03-Jan-25) 2)CARE BB; Negative (07-Aug-24)	1)CARE BB; Negative (14-Mar-24) 2)CARE BB+; Negative (07-Apr-23)	1)CARE BB+; Stable (31-May-22)
5	Fund-based - LT-Term Loan	LT	6067.00	CARE BBB-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/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-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - LT-Forward contract/derivative limit	Simple
4	Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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.

Contact us

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About us:

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Disclaimer:

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