

## Sardar Sarovar Narmada Nigam Limited

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Fixed deposit	1,000.00	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation in rating assigned to the fixed deposit issue of Sardar Sarovar Narmada Nigam Limited (SSNNL) primarily factors the Government of Gujarat's (GoG) strong parentage and demonstrated track record in infusing equity funds to meet operational losses, capex plans and debt servicing obligations. The rating also factors strategic importance of Sardar Sarovar Project (SSP), as being one of the largest water resources projects in India and it provides benefits in irrigation, drinking water supply and power generation to Gujarat, Madhya Pradesh, Maharashtra and Rajasthan.

The rating takes cognisance of increase in total operating income (TOI) and improvement in its debt profile consequent to pre-payment of the entire term debt availed from Gujarat State Financial Services Limited (GSFS, GoG promoted non-banking financial company [NBFC]).

The rating remains constrained considering limitation in increasing water and power charges by state government, high degree of financial dependence on GoG for meeting on-going capex and debt servicing obligations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant improvement in SSNNL's profitability; reducing its dependence on GoG for meeting its operational expenses and debt servicing requirements.

#### Negative factors

- Significant delay or shortfall in receipt of financial support in the form of equity from GoG.

#### Analytical approach: Standalone, factoring linkages with GoG

SSNNL depends on the financial support from the GoG for development of the SSP, while it earns revenue from sale of power and collection of water charges. Thus, standalone financials of SSNNL, and financial support from GoG, have been considered for analysis as SSP is strategically important to GoG due to its favourable impact on the state's agrarian economy.

#### Outlook: Stable

The stable outlook reflects continued financial support in the form of budget and non-budgetary resource from the GoG towards capex, operational and debt servicing requirements of SSNNL.

### Detailed description of key rating drivers:

#### Key strengths

##### Strategic importance of the project to GoG

SSNNL was formed as an extended arm of the GoG for implementing the SSP. SSP is a joint venture project among Gujarat (designated as implementing state), Madhya Pradesh, Maharashtra and Rajasthan. It aims at providing assured irrigation to a large portion of barren land and a source of drinking water to many villages in Gujarat and Rajasthan through an inter-basin transfer of river Narmada's water. While a large portion of irrigation benefit accrues to Gujarat, electricity generation by its two hydro powerhouses is shared between Gujarat, Madhya Pradesh and Maharashtra in proportion of 16:57:27, respectively.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Strong parentage and demonstrated support by GoG**

GoG have been supporting SSP since its inception by way of infusion of equity, even in times of inadequate contribution from other participating states. As on December 31, 2025, GoG infused equity funds of ~₹74,279 crore towards SSP.

**Key weaknesses****Continuous dependence on GoG to support operational losses**

SSNNL derives revenue in the form of collection of water charges from beneficiaries and power charges from the sale of electricity in Gujarat, generated from its two power houses including canal head powerhouse (CHPH) and riverbed powerhouse (RBPH) having total generation capacity of 1450 MW.

SSNNL reported topline of ₹2,000 crore in FY25 against ₹1,488 crore in FY24 due to changes in water and power charges. SSNNL registered profit after taxation (PAT) level losses of ₹510 crore in FY25 against ₹1056 crore in FY24.

SSNNL's revenue was not sufficient to fund its capex and debt servicing requirements, and it depends on financial support from GoG. Therefore, continued support from GoG remains crucial and a key rating monitorable.

**Implementation risk associated with on-going capex**

SSP's construction was originally planned to commence from 1994 and slated to be completed by 2000. However, the project was delayed considering opposition from Narmada Bachao Andolan (NBA) citing repercussions of the project on environment and rehabilitation of the affected people.

The delay in the project's implementation has significantly inflated the project cost from ₹13,181 crore at 1991-92 price levels, as approved by the planning commission, to ₹23,103 crore at 1996-97 price levels. As on December 31, 2025, SSNNL incurred an expenditure of ₹83.939 crore on SSP. Construction of dam and appurtenant works and installation of 30 radial gates was completed in FY18. Construction of main canal and irrigation bypass tunnel has been completed, while branch canal, distributaries and balance irrigation potential system are in progress. Scope of branch canal and distributaries changes constantly owing to socio-political reasons, and hence, the project scope and its cost has increased over the years. Considering a large part of the project scope has already been constructed and is operational, the implementation risk considering timely receipt of necessary regulatory approvals and clearances for the remaining portion of the SSP remains low.

**Change in accounting policy leading to huge losses in the last six years ended FY21**

Till FY15, substantial expenditure incurred towards the dam construction was capitalised by SSNNL under capital work in progress (CWIP) based on accounting policy of 'substantial completion of project'. However, based on the opinion of an Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India, the management, in FY16, changed its accounting policy on April 01, 2015. It started capitalising components of dam and appurtenant works, main canal, power houses and major works of branch and distributaries based on 'completion of the respective works and this being ready for the intended use'. Operational expenses and interest costs, which were being previously added to CWIP are now expensed in profit and loss (P&L) account with significant increase in depreciation charge. This has resulted in huge losses for nine years ended on FY5. However, GoG has continued to fund SSNNL's losses over the years.

**Liquidity: Adequate**

SSNNL's liquidity position continued to remain adequate considering regular support from GoG in the form of equity infusion and access to short-term funds from GSFS (GoG promoted NBFC) to meet its on-going capex, operating expenditure and debt servicing requirements. In FY25 and 9MFY26, GoG infused ₹850 crore and ₹747 crore respectively. Cash and bank balance stood at ₹2,885 crore as on March 31, 2025.

**Assumptions/Covenants**

Not applicable

**Environment, social, and governance (ESG) risks**

Not applicable

## Applicable criteria

[Policy on Default Recognition](#)

[Notching by Factoring Linkages with Government](#)

[Financial Ratios – Non financial Sector](#)

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

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

[Infrastructure Sector Ratings](#)

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## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Utilities	Other utilities	Water supply and management

SSNNL was incorporated in March 1988 as a wholly owned special purpose vehicle (SPV) of GoG for implementation of the SSP including construction of dam and appurtenant work among others. Work for construction of dam with 30 radial gates having total height of 138.68 metres at live storage capacity of 5,800 million cubic meters have already been completed. Construction work for irrigation tunnel and main canal system has been completed, while the work of irrigation branch canal and distributaries is under progress, as its scope of work changes periodically. SSP comprises two power houses having total generation capacity of 1,450 MW, CHPH having capacity of 250 MW and RBPH with aggregate generating capacity of 1,200 MW. Four solar power projects with aggregate installed capacity of 35MW is commissioned on Narmada Branch canals at Vadodara.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1,448	2,000
PBILDT*	-255	226
Profit after tax (PAT)	-1,056	-510
Overall gearing (x)	0.01	0.02
Interest coverage (x)	-3.69	3.60

A: Audited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

### 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fixed Deposit	-	-	-	March 31, 2027	1000.00	CARE BBB+; Stable

**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	Fixed Deposit	LT	1000.00	CARE BBB+; Stable	1)CARE BBB+; Stable (08-Apr-25)	-	1)CARE BBB+; Stable (26-Mar-24)	1)CARE BBB+; Stable (27-Mar-23) 2)CARE BBB+; Stable (22-Jun-22) 3)CARE BBB+ (FD); Stable (07-Apr-22)

LT: Long 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	Fixed Deposit	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge 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.

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