

July 18, 2025

Talwandi Sabo Power Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating outstanding
Long term/Short term fund-based – Working capital facilities loan	750.00	750.00	[ICRA]A+; rating watch with developing implications/ [ICRA]A1; rating watch with developing implications; outstanding
Long term/Short term non-fund based – Working capital facilities loan	650.00	650.00	[ICRA]A+; rating watch with developing implications / [ICRA]A1; rating watch with developing implications; outstanding
Total	1,400.00	1,400.00	

*Instrument details are provided in Annexure-I

Rationale

On July 09, 2025, a USA-based short seller and research firm published a report highlighting multiple adverse observations pertaining to the Vedanta Group (including Talwandi Sabo Power Limited). The report expressed concern over issues such as governance practices, related party transactions, brand-fee payments to holding company as well as regulatory and legal disputes that have been raised against the Group. In response, the Vedanta Group issued a formal media statement on the same day, refuting the allegations.

ICRA is closely monitoring the impact of the recent developments on its rated portfolio within the Vedanta Group, especially its financial flexibility (including Talwandi Sabo Power Limited). A key monitorable here would be the Group's access to the domestic and international capital markets and banking channels, debt pricing, tightening of debt covenants and implications for future refinancing capabilities. Nonetheless, comfort is drawn from the Group's stated commitment towards continued debt reduction. The leverage (net debt/OPBDITA), including Vedanta Resources Limited's (VRL) debt, improved to 2.5 times in FY2025 compared to 3.2 times reported in FY2024. Healthy profitability, particularly in the aluminium and zinc operations, is expected to further support the Group's leverage profile. Moreover, ICRA considers the total debt and financial expenses of VRL to calculate the adjusted leverage and coverage metrics of Vedanta Limited (VDL). At VRL's level, the recent refinancing of debt has smoothened the maturity profile over the long tenure and is likely to reduce the finance cost FY2026 onwards. ICRA would continue to monitor and review the ratings based on the movement of the credit metrics of the rated entities and the impact of the latest development on their financial flexibility.

Moreover, the ratings continue to remain on watch with developing implications owing to the ongoing demerger of Vedanta Limited's aluminium, oil and gas, power and iron and steel businesses into separate standalone listed entities, which is expected to be concluded in the current fiscal. ICRA will continue to monitor the development of the demerger process and the timelines involved and will take appropriate action, as required.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Thermal
Parent/Group support	Parent: Vedanta Limited ICRA factors in the likelihood and the willingness of TSPL's parent, Vedanta Limited, extending financial support to it, if required
Consolidation/Standalone	Standalone

About the company

Talwandi Sabo Power Limited (TSPL) was incorporated as an SPV by Punjab State Electricity Board (PSEB) to construct a 1,980-MW (3×660) thermal power plant at Banawala village, Mansa-Talwandi Sabo road, in the Mansa district of Punjab. Vedanta Limited (Sterlite Energy Limited at that time) was selected as the developer of the project, based on the tariff-based competitive bidding process (Case-2) on BOO basis for the supply of 100% power to the Punjab State Electricity Board (PSEB) for 25 years from the COD. The power purchase agreement and other related agreements were signed between TSPL and PSEB on September 1, 2008, and the ownership of Talwandi Sabo Power Limited was transferred to Vedanta Limited on that date. The three units of 660 MW each were commissioned in July 2014, November 2015 and August 2016.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	5,293	5,241
PAT	602.2	31.8
OPBDIT/OI	20.3%	20.5%
PAT/OI	11.4%	0.6%
Total outside liabilities/Tangible net worth (times)	1.8	1.8
Total debt/OPBDIT (times)	6.0	5.9
Interest coverage (times)	1.6	1.7

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jul 18, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital facilities loan	Long term/Short term	750.00	[ICRA]A+; rating watch with developing implications / [ICRA]A1; rating watch with developing implications	Oct 29, 2024	[ICRA]A+; rating watch with developing implications / [ICRA]A1; rating watch with developing implications				
Non-fund-based – Working capital facilities loan	Long term/Short term	650.00	[ICRA]A+; rating watch with developing implications / [ICRA]A1; rating watch with developing implications	Oct 29, 2024	[ICRA]A+; rating watch with developing implications / [ICRA]A1; rating watch with developing implications				

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term/Short term fund-based – Working capital facilities loan	Simple
Long term/Short term non-fund based – Working capital facilities loan	Very 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
NA	Fund-based – Working capital facilities loan	NA	NA	NA	750.00	[ICRA]A+; Rating Watch with Developing Implications/ [ICRA]A1; Rating Watch with Developing Implications
NA	Non-fund based – Working capital facilities loan	NA	NA	NA	650.00	[ICRA]A+; Rating Watch with Developing Implications/ [ICRA]A1; Rating Watch with Developing Implications

Source: Company

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

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

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Vikram V

+91 40 6939 6410

vikram.v@icraindia.com

Sumit Jhunjunwala

+91 33 6521 6814

sumit.jhunjunwala@icraindia.com

Devanshu Gupta

+91 124 4545 321

devanshu.gupta@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.