

November 28, 2024

Reliance Power Limited: Rating reaffirmed and removed from Issuer Non-Cooperating category; rating withdrawn for matured instruments

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture (NCD)	250.0	250.0	[ICRA]D; reaffirmed and removed from Issuer Not-Cooperating category
Long-term fund-based - Term loans	402.0	0.00	[ICRA]D; reaffirmed; removed from Issuer Not-Cooperating category and withdrawn
Long-term fund based - Cash credit	42.0	0.00	ICRA]D; reaffirmed ; removed from Issuer Not-Cooperating category and withdrawn
Long/Short-term non-fund based limits	146.0	146.0	[ICRA]D/[ICRA]D; reaffirmed and removed from Issuer Not-Cooperating category
Total	840.00	396.00	

*Instrument details are provided in Annexure-I

Rationale

The rating action for Reliance Power Limited (RPL) factors in the delays in interest payment on the loans raised by Samalkot Power Limited (SMPL), a subsidiary of RPL, wherein the latter has provided an unconditional and irrevocable corporate guarantee. SMPL's lender has raised demand for the payment of the outstanding interest (\$15.48 million) to RPL. However, RPL has defaulted on its payment obligations. While the company stated that there is adequate liquidity (~Rs. 260 crore of bank deposits as on March 31, 2024) on the books of SMPL to clear the outstanding interest dues, the lender has not utilised it and the funds are earmarked to meet the dismantling and refurbishment expenses for the remaining two modules on monetisation.

ICRA notes that RPL has repaid its term loans through a one-time settlement and working capital facilities from banks at a standalone level. Further, Rosa Power Supply Company Limited (Rosa Power), a subsidiary of RPL, has paid all its debt obligations, including the working capital loan, and is debt free which provides financial flexibility/support to the group companies.

The rating continues to be constrained by the uncertainty over the non-operational Samalkot Power project under SMPL. The management is currently exploring opportunities to monetise the remaining two modules of SMPL to repay the debt. The rating also factors in the exposure to the counterparty credit risks associated with state-owned distribution utilities for the Sasan Ultra Mega Power coal-based project in Madhya Pradesh and the Rosa Power coal-based power project in Uttar Pradesh under RPL's subsidiaries. Also, the debt coverage metrics remain modest for Sasan Power. Further, the Group remains exposed to funding and execution risks for the timely completion of capital expenditure required for the installation of flue gas desulphurisation (FGD) system at its operational thermal plants.

ICRA has also reaffirmed and removed from the Issuer Not-Cooperating category and withdrawn the [ICRA]D rating to the Rs. 402-crore term loan and Rs. 42-crore cash credit limits of RPL as there is no amount outstanding against the rated instruments. The rating has been withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings

Key rating drivers and their description

Credit strengths

Not Applicable

Credit challenges

Continuing delays in debt servicing – RPL continues to delay in interest payment on the loans raised by SMPL, a subsidiary of RPL, wherein RPL has provided an unconditional and irrevocable corporate guarantee. The lender of SMPL has raised demand for the payment of outstanding interest to RPL, but the latter has defaulted on its payment obligations. While the company stated that there is adequate liquidity (~Rs. 260 crore of bank deposits as on March 31, 2024) on the books of SMPL to clear the outstanding interest dues, the lender has not utilised it and the funds are earmarked to meet the dismantling and refurbishment expenses for the remaining two modules on monetisation.

Further, RPL has repaid its term loans through a one-time settlement and working capital facilities from banks at a standalone level. The repayment was funded through free cash flows from operating companies and the monetisation of assets. Further, Rosa Power, subsidiary of RPL, has paid all its debt obligations, including the working capital loan, and is debt-free which provides financial flexibility/support to the group companies. Moreover, RPL is raising Rs. 1,525 crore through preferential allotment, of which Rs. 645 crore has already been received by the company.

Uncertainty over non-operational Samalkot power project – The Samalkot project, under its subsidiary SMPL, continues to face uncertainty due to its non-operational status. SMPL had signed an equipment supply contract in March 2020 to sell one module for the development of Phase-1 of the project in Bangladesh. The export of the module has been completed and proceeds from the equipment supply have been used to pare the debt from EXIM Bank of the United States, reducing the net debt to \$155 million as on September 30, 2024, from \$347 million. Further, the management is currently exploring opportunities for the monetisation of the remaining two modules of SMPL in order to repay its outstanding debt.

Exposure to counterparty credit risks associated with state-owned distribution entities and fuel supply risks – The projects under the different SPVs of RPL remain exposed to the counterparty credit risks associated with the state-owned distribution utilities to whom the power is sold. The rating also remains vulnerable to fuel supply risks, though this is mitigated by the fuel supply agreements with Coal India Limited for the Rosa power project and through captive mines for the Sasan project.

High capital expenditure for installation of FGD system – As per the revised environmental norms prescribed by the Ministry of Environment and Forests, Government of India, all thermal power plants in the country are required to reduce their emissions of nitrogen oxide, sulphur dioxide and particulate matter. To comply with these norms, the Group's operational thermal power plants at Sasan (Madhya Pradesh) and Rosa (Uttar Pradesh) are required to install FGD systems by December 31, 2026. While the cost incurred is expected to be a pass-through under the tariff, the Group will remain exposed to funding and execution risks for the timely completion of this capital expenditure. As on date, the debt funding tie-up as well as equity infusion is pending.

Liquidity position: Poor

RPL's liquidity position is poor with the company delaying its debt servicing obligations owing insufficient cash flow from operations. At a standalone level, the cash & bank balances of RPL remain low at Rs. 6 crore as on September 30, 2024. At a consolidated level, the company had cash and bank balances of ~Rs. 990 crore as on October 31, 2024, of which ~Rs. 918 crore is on the books of Rosa Power.

Rating sensitivities

Positive factors – A timely servicing of the debt obligations on a sustained basis would be a positive rating trigger.

Negative factors – Not applicable.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power-Thermal Power - Solar Policy on Default recognition Policy On Withdrawal of Credit Rating
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financial profile of RPL and its subsidiaries

About the company

RPL, a part of the Reliance Group, promoted by Mr. Anil D Ambani, is the primary vehicle for investments in the power generation sector. As on date, the company's generation capacity stood at 5,300 MW, including 5,160 MW of thermal capacity and 140 MW of renewable energy-based capacity. RPL's operational projects include the Rosa coal-based power project (1,200 MW) in Uttar Pradesh, the Sasan Ultra Mega Power coal-based power project (3,960 MW) in Madhya Pradesh, the 40-MW solar photovoltaic (PV) power project at Dhursar, Rajasthan, and the 100-MW concentrated solar power project in Jaisalmer, Rajasthan.

Key financial indicators (audited)

	Standalone			Consolidated		
	FY2023	FY2024	H1FY2025*	FY2023	FY2024	H1FY2025*
Operating income	28.78	28.23	0.43	7542.69	7920.84	3752.03
PAT	654.71	48.95	6.93	-402.89	-2068.38	2780.28
OPBDIT/OI	-1038.19%	-200.14%	-2848.84%	25.24%	14.97%	27.36%
PAT/OI	2274.88%	173.40%	1611.63%	-5.34%	-26.11%	74.10%
Total outside liabilities/Tangible net worth (times)	0.80	0.58	0.57	2.65	2.77	1.85
Total debt/OPBDIT (times)	-18.87	-74.33	-172.42	12.44	17.84	7.26
Interest coverage (times)	-1.58	-0.57	-0.33	0.75	0.48	0.92

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

*Unaudited financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Nov 28, 2024	Date	Rating	Date	Rating	Date	Rating
Non-convertible debenture (NCD)	Long term	250.0	[ICRA]D	Nov 29, 2023	[ICRA]D ISSUER NOT COOPERATING	Mar 28, 2023	[ICRA]D ISSUER NOT COOPERATING	Nov 30, 2021	[ICRA]D ISSUER NOT COOPERATING
				Apr 12, 2023	[ICRA]D ISSUER NOT COOPERATING	Nov 29, 2022	[ICRA]D ISSUER NOT COOPERATING		
Fund-based - Term loans	Long term	402.0	[ICRA]D; withdrawn	Nov 29, 2023	[ICRA]D ISSUER NOT COOPERATING	Mar 28, 2023	[ICRA]D ISSUER NOT COOPERATING	Nov 30, 2021	[ICRA]D ISSUER NOT COOPERATING
				Apr 12, 2023	[ICRA]D ISSUER NOT COOPERATING	Nov 29, 2022	[ICRA]D ISSUER NOT COOPERATING		
Fund based – Cash credit	Long term	42.0	[ICRA]D; withdrawn	Nov 29, 2023	[ICRA]D ISSUER NOT COOPERATING	Mar 28, 2023	[ICRA]D ISSUER NOT COOPERATING	Nov 30, 2021	[ICRA]D ISSUER NOT COOPERATING
				Apr 12, 2023	[ICRA]D ISSUER NOT COOPERATING	Nov 29, 2022	[ICRA]D ISSUER NOT COOPERATING		
Non-fund based limits	Long term / short term	146.0	[ICRA]D/[ICRA]D	Nov 29, 2023	[ICRA]D/[ICRA]D ISSUER NOT COOPERATING	Mar 28, 2023	[ICRA]D/[ICRA]D ISSUER NOT COOPERATING	Nov 30, 2021	[ICRA]D/[ICRA]D ISSUER NOT COOPERATING
				Apr 12, 2023	[ICRA]D/[ICRA]D ISSUER NOT COOPERATING	Nov 29, 2022	[ICRA]D/[ICRA]D ISSUER NOT COOPERATING		

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debenture (NCD)	Simple
Long/Short-term non-fund based limits	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
INE614G07089	NCD	10-Jul-2017	8.00%	30-Jun-2035	250.00	[ICRA]D
NA	Term loans	-	-	-	0.00	[ICRA]D; withdrawn
NA	Cash credit	-	-	-	0.00	[ICRA]D; withdrawn
NA	Non-fund based limits	-	-	-	146.00	[ICRA]D/[ICRA]D

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Sasan Power Limited	100.0%	Fully consolidated
Rosa Power Supply Company Limited	100.0%	Fully consolidated
Samalkot Power Limited	100.0%	Fully consolidated
Coastal Andhra Power Limited	100.0%	Fully consolidated
Reliance NIJ BESS Limited (formerly known as Maharashtra Energy Generation Limited)	100.0%	Fully consolidated
Reliance NIJ PSP Private Limited (formerly known as (formerly known as Chitrangi Power Private Limited)	100.0%	Fully consolidated
Reliance Neo Energies Private Limited (formerly known as Reliance Geothermal Power Private Limited)	75.0%	Fully consolidated
Reliance NU Suntech Private Limited (formerly known as Siyom Hydro Power Private Limited)	100.0%	Fully consolidated
Tato Hydro Power Private Limited	100.0%	Fully consolidated
Reliance NU BESS One Private Limited (Formerly known as Kalai Power Private Limited)	100.0%	Fully consolidated
Urthing Sobhla Hydro Power Private Limited	88.9%	Fully consolidated
Reliance Coal Resources Private Limited	100.0%	Fully consolidated
Reliance CleanGen Limited	100.0%	Fully consolidated
Reliance GAH2 Limited (formerly known as Moher Power Limited)	100.0%	Fully consolidated
Reliance GH2 Private Limited (formerly Known as Reliance Solar Resources Private Limited)	100.0%	Fully consolidated
Reliance NU Wind Private Limited (formerly known as Reliance Wind Power Private Limited)	100.0%	Fully consolidated
Reliance Green Energies Private Limited (formerly known as Reliance Green Power Private Limited)	100.0%	Fully consolidated
Rajasthan Sun Technique Energy Private Limited	100.0%	Fully consolidated
Reliance NIJ PSP One Limited (Formerly known as Coastal Andhra Power Infrastructure Limited)	100.0%	Fully consolidated
Reliance Prima Limited	100.0%	Fully consolidated
Reliance NU Energies Private Limited (Formerly known as Atos Trading Private Limited)	100.0%	Fully consolidated

Company Name	Ownership	Consolidation Approach
Tiyara Power Private Limited (formerly known as Atos Mercantile Private Limited)	100.0%	Fully consolidated
Reliance Natural Resources Limited	100.0%	Fully consolidated
Dhursar Solar Power Private Limited	100.0%	Fully consolidated
Reliance Natural Resources (Singapore) Pte Ltd.	100.0%	Fully consolidated
Reliance NU FDRE One Private Limited (Formerly known as Teling Hydro Power Private Limited)	100.0%	Fully consolidated
Reliance NU FDRE Private Limited (Formerly known as Shangling Hydro Power Private Limited)	100.0%	Fully consolidated
Reliance Power Netherlands BV	100.0%	Fully consolidated
PT Heramba Coal Resources	100.0%	Fully consolidated
PT Avaneesh Coal Resources	100.0%	Fully consolidated
PT Brayan Bintang Tiga Energi	100.0%	Fully consolidated
PT Sriwijaya Bintang Tiga Energi	100.0%	Fully consolidated
PT Sumukha Coal Services	99.6%	Fully consolidated
Reliance Power Holding FZC UAE	100.0%	Fully consolidated
Reliance Chittagong Power Company Limited	100.0%	Fully consolidated
Reliance Enterprises Private Limited	50.0%	Fully consolidated

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