July 28, 2026

SEIL ENERGY INDIA LIMITED (previously Sembcorp Energy India Limited): Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Commercial paper (CP)	1,000.00	1,000.00	[ICRA]A1+; reaffirmed	RBI
Total	**1,000.00**	**1,000.00**		

**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

During FY2026, the company completed refinancing of its entire outstanding term debt with a new lending arrangement having an average tenor of around 10 years. As part of the refinancing, the corporate guarantee (CG) provided by Sembcorp Utilities Limited (SUPL) under the earlier financing structure was released and is no longer available to the new lenders. Consequently, the rating approach has transitioned from deriving support through parent-linked uplift from SUPL to an assessment based primarily on the company's standalone credit profile. However, the rating continues to factor in the economic interest of SUPL in the company till the receipt of entire sale consideration. In January 2023, Sembcorp Industries Ltd (SCI) sold a 100% stake held by its subsidiary, Sembcorp Utilities Pte Limited (SUPL), in SEIL to Tanweer Infrastructure SAOC (TIS). However, the Sembcorp Group continues to maintain economic interest in SEIL and provides advisory services through a technical service agreement (TSA). Moreover, the sale consideration of ~Rs. 12,562 crore along with the interest will be paid by TIS to SUPL over a 15-year period (extendable by another nine years) through the upstreaming of the surplus cash flow generated by SEIL. As of June 2026, ~Rs. 8,000 crore is outstanding from the sale consideration. TIS is owned by OSARA Corporation SAOC, Social Protection Fund, Dar Investment SPC and Seven Seas Company LLC.

The rating reaffirmation of SEIL Energy India Limited (SEIL) factors in the long-term revenue visibility for its 2,640-MW thermal power capacity (comprising two projects of 1,320 MW each), supported by the availability of long/medium-term power purchase agreements (PPA) for ~97% of the project capacity, which increased from 93% of the project capacity at the time of the last rating exercise. The company has signed an additional five-year medium term competitively bid PPA for 100 MW with Tamil Nadu discom in December 2025. Additionally, the company has other long-term PPAs of 625 MW, 627 MW with the discoms of Andhra Pradesh (AP), 250 MW with the Bangladesh Power Development Board (BPDB), 200 MW with PTC India Limited (rated; [ICRA]AA (Stable)/A1+; supplies to BPDB), 127 MW with the Haryana discoms and 500 MW with the erstwhile united AP discoms (now shared between Telangana and AP discoms). Further, signing of additional medium-term PPA has significantly reduced the exposure to volume and pricing risks in the short-term (ST) market. However, the realisation in the ST market has remained healthy over the last two years.

The rating factors in the continued strong financial performance of SEIL, supported by healthy operating efficiency and lower interest costs following the refinancing. SEIL's 2,640-MW coal-based power plant maintained plant availability above 90% in FY2025 and FY2026, enabling full recovery of the capacity charges. The operational performance remained satisfactory, with the station heat rate (SHR) and auxiliary power consumption broadly in line with the normative levels. This was further supported by healthy plant load factors (PLFs) of 75% and 83% for Project-1 and Project-2, respectively, in FY2026, reflecting adequate generation performance and efficient plant operations, thereby supporting stable revenue generation and cash flow accruals.

The rating factors in the strong financial risk profile of the company, supported by healthy debt coverage metrics and the recovery of past dues from the discoms of Telangana and Andhra Pradesh through monthly instalments under the Late Payment Surcharge (LPS) scheme notified by the Ministry of Power, Government of India, with collections being received since August 2022. The financial profile has further strengthened, following the refinancing of the outstanding debt during FY2026, which replaced the earlier repayment structure with a facility having an average tenor of around 10 years and eliminated the bullet repayment obligations. The revised debt structure provides better alignment of debt servicing commitments with the project's cash flow generation profile while also reducing interest costs. The stable operational performance and predictable cash flows support the company's strong debt servicing ability, with the cumulative DSCR expected to remain above 2.5 times over the debt tenure. The rating also factors in SEIL's comfortable liquidity position, supported by healthy cash flow generation from operations, free cash balances, and available headroom in its working capital limits, providing adequate financial flexibility and debt servicing cushion.

The rating is constrained by the counterparty credit risks arising from the exposure to the state discoms of Telangana and AP, which have relatively modest financial profiles. Nonetheless, comfort is drawn from the improved payment discipline by the state discoms in India, following the implementation of the LPS rules. In June 2025, the company had received all the past dues on account of delays in complete realisation from BPDB and the collection since then has been timely from BPDB. The receivable days reduced to 96 as on March 31, 2026, from 127 as on March 31, 2024. The sustainability of this improvement remains a key monitorable.

The company has signed long-term fuel supply agreements (FSAs) with the subsidiaries of Coal India Limited (CIL) for the domestic PPAs. These agreements are expected to be adequate to meet the company’s coal requirements for supply under long-term and medium-term PPAs to state discoms. SEIL has also tied up adequate medium-term FSA with imported coal supplier to meet its fuel supply to Bangladesh, with part of the supply entered at fixed rates. The balance supply (if any) for sale of power in the ST market is being met though e-auction coal. The company is exposed to fuel pricing risks as full pass-through of fuel cost variation through tariffs is limited to some PPAs. The fuel cost pass-through clause for domestic coal is present under the AP 625-MW PPA and AP 627-MW PPA along with the presence of escalable component for energy charges in other long-term/medium term PPAs, which partly mitigates this risk to certain extent.

Further, ICRA takes note of the notification issued by the Ministry of Environment, Forest and Climate Change (MoEFCC) exempting category-C thermal power plants (SEIL is category-C thermal plant) from the mandatory installation of flue gas desulfurisation (FGD) systems. The final approval on the same has been received from the Ministry of Power (MoP). This has removed the requirement for SEIL’s thermal power projects to incur additional capital expenditure to comply with the revised emission norms.

The Stable outlook on the long-term rating reflects ICRA’s opinion that SEIL will benefit from the presence of diversified offtakers, long-term/medium-term PPAs that provide high cash flow visibility, the long-term supply arrangement for coal sourcing and the healthy operating efficiencies, which are expected to generate a stable and predictable earnings stream, going forward.

Key rating drivers and their description

Credit strengths

Strong operational linkage with Sembcorp Group - While SCI sold SUPL’s 100% stake in SEIL to Tanweer Consortium in January 2023, the Sembcorp Group continues to maintain economic interest in SEIL and provides advisory services through TSA till the receipt of sale consideration.

Long-term and medium-term PPAs for 97% of operational capacity - SEIL’s revenues and profitability are supported by the availability of long-term and medium-term PPAs for ~2,426-MW net capacity with a two-part tariff structure. The current capacity under the long-term/medium-term PPAs is at ~97% of the total capacity as the company has signed a new PPA in FY2026 i.e., a 100 MW-PPA with Tamil Nadu for five years. The remaining 3% will be sold in the ST market, wherein the tariff realisation has remained healthy in the past years. Although minimally, this exposes the company to pricing risks in the ST market.

Satisfactory operational track record of thermal assets - The performance of SEIL's thermal power projects remains satisfactory with the average plant availability factor (PAF) staying at around 90% for both the projects combined over the last five fiscals. The PAF for Project-1 reduced to 89% in FY2026 compared to 93% in FY2025 due to planned maintenance. However, the PAF for Project-2 remained at 93% in FY2025 and FY2026. SEIL has been able to achieve healthy PLF levels over the years, supported by the competitive cost of generation, led by satisfactory operating efficiencies in terms of station heat rate and auxiliary consumption, and the strategic location of the plant in procuring imported coal.

Healthy credit metrics and comfortable liquidity position - The company's long-term debt has significantly declined since FY2021, driven by promoter debt repayment in FY2022, prepayments and refinancing in FY2023, and replacement of commercial paper (CP) with long-term loans in FY2024 and FY2025. Further, the debt has been refinanced for a longer tenor of 10 years over five years earlier, coupled with lower interest rate in FY2026. The long-term debt stood at Rs. 4,474 crore as on March 31, 2026, compared to Rs. 12,453 crore as on March 31, 2021. The reduction in the debt levels has improved the company's leverage and coverage metrics. The debt/OPBDITA is expected to remain below 2.5 times between FY2027 and FY2029 and the cumulative DSCR is likely to stay above 2.5 times over the debt tenure. Further, the company's liquidity position remains comfortable with healthy cash flow from operations and the presence of unencumbered cash balances and undrawn working capital limits.

Credit challenges

Counterparty credit risks due to significant exposure to state distribution utilities of AP and Telangana which have modest financial profiles - SEIL is exposed to counterparty credit risks as majority of the power generated is sold to the state distribution utilities of AP, which have modest financial profiles. Also, the company remains exposed to BPDB, wherein there were significant delays in the realisation of payments in the past. This had led to a build-up in the receivable position, especially from the Telangana discoms and BPDB. However, the company is realising the past dues through instalments under the LPS scheme since August 2022, with the current bills also being realised largely in a timely manner. The company also received all the past dues from BPDB in June 2025 and the collections have remained timely from BPDB in recent months. The receivable period improved to 96 days as on March 31, 2026, compared to 127 days as on March 31, 2024. Nonetheless, a continued timely payment remains a key credit monitorable.

Dependence on imported/e-auction coal exposes company to fuel price and forex risks - The company has tied up long-term FSAs with Mahanadi Coalfields Limited (MCL) for its domestic PPAs, with the balance requirement being met through e-auction/imported coal. For its 250-MW PPA with BPDB and the 200-MW PPA with PTC India Ltd (supplying to BPDB), the company has tied up imported coal supply, a portion of which is at a fixed rate. Given that the company is partly dependent on e-auction and imported coal, it is exposed to coal price fluctuations and foreign exchange risks. However, the foreign exchange risk is mitigated for the 250-MW PPA with BPDB and the 200-MW PPA with PTC India Ltd (supplying to BPDB) as the tariffs are denominated in US dollars. Additionally, the provision for complete fuel cost pass-through in domestic PPAs with a capacity of 1,252 MW along with an escalable component for energy charges in other long-term PPAs, mitigates the fuel price risk to an extent.

Liquidity position: Strong

The liquidity profile of SEIL is Strong, supported by healthy cash flow from operations and available cash balances. The company is expected to generate cash flow from operations of over Rs. 1,500 crore (pre-dividend) against annual long-term debt repayment obligations of ~Rs. 450 crore over FY2027-FY2028. The unencumbered cash and bank balances stood at Rs. 318 crore as of March 2026, with undrawn working capital limits of over Rs. 450 crore.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – The rating may be downgraded in case of significant delays in receiving payments from the offtakers, adversely impacting SEIL's liquidity profile. A significant decline in plant availability below the normative level or a lack of adequate fuel cost pass-through to the customers could adversely impact its profitability and debt coverage metrics and trigger a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology] [Power - Thermal]
Parent/Group support	The rating is based on the standalone credit profile of the company.
Consolidation/Standalone	Standalone

About the company

SEIL has 2,640 MW of thermal power capacity (Project-1 and Project-2 of 1,320 MW each), which is entirely operational. The project is located at Krishnapatnam in the Nellore district of Andhra Pradesh.

Out of the total installed capacity of 1,320 MW, Project-1 has:

- A long-term 25-year PPA for 500 MW with the discoms of united Andhra Pradesh (bifurcated into Telangana and Andhra Pradesh)
- A 127-MW medium-term PPA (5 years) with Haryana discom signed in September 2024 (supply commenced from September 2024)
- A 627-MW long-term PPA (12 years) with AP discoms signed in December 2025 (supply commenced from May 2025).

Out of the total installed capacity of 1,320 MW, Project-2 has:

- A 250-MW long-term PPA (13.5 years) with Bangladesh Power Development Board (BPDB)
- A 200-MW long-term PPA (11.25 years) with PTC India Ltd signed in February 2022 (supply commenced from March 2022)
- A 625-MW long-term PPA (12-years) with AP discoms signed in December 2021 (supply commenced from February 2023)
- A 100-MW medium-term PPA (5 years) with Tamil Nadu discom signed in December 2025 (supply commenced from February 2026)

Thus, the total capacity tied up under the long-term/medium-term PPAs by the two projects is ~97% of the overall net capacity of ~2,501 MW. The remaining capacity of Project-1 and Project-2 is sold through the short-term PPA/merchant route.

The company has fuel supply agreements with MCL for 4.27-MTPA coal each for the two projects. The remaining fuel requirement for Project-1 and Project-2 is met through imported coal/e-auction.

SEIL is currently held by the Tanweer Consortium and the thermal assets are being managed by Tanweer, however the Sembcorp Group is supporting SEIL by providing advisory services through a technical service agreement.

Key financial indicators (audited)

SEIL ENERGY INDIA LIMITED (previously Sembcorp Energy India Limited) (Standalone)	FY2025	FY2026
Operating income	9,256	8,559
PAT	1,508	1,342
OPBDIT/OI	32.3%	31.6%
PAT/OI	16.3%	15.7%
Total outside liabilities/Tangible net worth (times)	0.91	1.09
Total debt/OPBDIT (times)	2.13	2.36
Interest coverage (times)	4.52	4.76

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

Instrument	FY2027			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Jul 28, 2026	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short-term	1,000.00	[ICRA]A1+	30-JUL-2025	[ICRA]A1+	29-JUL-2024	[ICRA]A1+	07-JUL-2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	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#
INE460M14875	Commercial paper	29-June-2026	6.80%	10-Sep-2026	250	[ICRA]A1+	RBI
INE460M14883	Commercial paper	06-July-2026	6.45%	22-Sep-2026	300	[ICRA]A1+	RBI
Yet to be placed	Commercial paper	-	-	-	450	[ICRA]A1+	RBI

Source: Company

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

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