Corporate Renascence : Successful Resolution of Sinnar Thermal Power Limited

The resolution of Sinnar Thermal Power Limited (STPL) represents a significant case under the IBC, involving a large non-operational thermal power plant.

Sub-optimal plant load factors, volatile tariffs, high operating costs, etc., led to severe cash flow stress and eventual classification of STPL as an NPA. Consequently, on an application by a Financial Creditor, the NCLT ordered initiation of the insolvency process on September 19, 2022.

In response to the Expression of Interest, six resolution plans were received. Finally, the Resolution Plan submitted by consortium of MAHAGENCO and NTPC was approved by the Committee of Creditors (CoC). The resolution preserves a strategically important asset, generates employment for project-affected people, strengthens energy security in Maharashtra, and reaffirms the effectiveness of the IBC framework in resolving complex infrastructure insolvencies.

In the present case study, Mr. Rahuul Jindal, the Resolution Professional (RP) of STPL, highlights the challenges encountered during the resolution process and the measures adopted to achieve a successful resolution of STPL. ***Read on to know more…***

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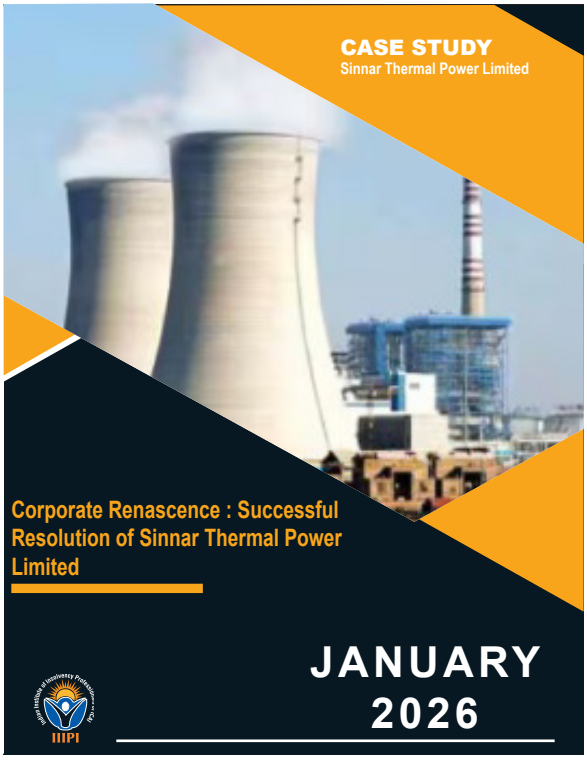

1. Introduction

Sinnar Thermal Power Limited (STPL or the Corporate Debtor/Company), formerly known as RattanIndia Nasik Power Ltd., was originally incorporated in January 2007 as Indiabulls Realtech Ltd. as a Special Purpose Vehicle (SPV). It was a wholly owned subsidiary of RattanIndia Power Limited.

STPL was established to develop two coal based thermal power plants (TPPs) each with generation capacity of 1350 MW, comprising five units of 270 MW each, in two phases – Nasik Power Project-I (NPP-I/ Phase-I) and Nashik Power Project-II (NPP-II/ Phase-II) located at Sinnar Industrial Area, a multi-product SEZ (Special Economic Zone) in Nashik District of Maharashtra. The Company has installed NPP-I as green-field project, however, could not put up NPP-II. The NPP-I of 1350 MW capacity TPP (hereinafter referred as "Plant" or "Project") consists

of five Boiler-Turbine-Generator (BTG) Units of 270 MW each based on sub-critical technology using Pulverized Fuel (PF) fired boilers and the Balance of Plant (BOP) facilities.

The project was implemented through package contracts on Engineering, Procurement, and Construction (EPC) supply and service contract basis. BTG equipment was supplied by M/s. Bharat Heavy Electricals Limited (BHEL) and BOP by various reputed suppliers/ contractors. All five Units were commissioned.

STPL's project development debt for 1350 MW TPP was funded by a consortium of lenders led by Power Finance Corporation Ltd (PFC). STPL has defaulted on its debt repayment obligation and account was classified as Non-Performing Asset (NPA). Subsequently, Corporate Insolvency Resolution Process (CIRP) was initiated against STPL by an order of National Company Law Tribunal (NCLT), New Delhi Bench.

> ***The coal linkage for the project was granted by Coal India Limited and Fuel Supply Agreement for 4.1808 MTPA was signed with SECL and MCL.***

2. Background

The Nashik Project is located at about 35 km from Nasik city on Nasik-Pune National Highway (NH-50). The Power Plant capacity is 1350 MW with unit configuration of five units of 270 MW each. The boiler, turbine & generator and associated auxiliaries were supplied by BHEL on EPC basis. The Steam generating system is of subcritical, single drum type construction, pulverized coal fired, natural circulation, balanced draft, tangential firing, single reheat, radiant dry bottom, semi-outdoor type.

The project was granted environment clearance by the Ministry of Environment, Forest and Climate Change (MOEFCC) on July 28, 2010. Water for the project was allocated from sewage treated water of Nasik Municipal Corporation. The water agreement was signed with Irrigation Department, Nashik for 100 MLD for drawing water from Eklahare barrage on Godavari River. Cross-country GRP Pipeline was laid for entire length of 29.47 kms from Eklahare Pump House up to the Plant. The coal linkage for the project was granted by Coal India Limited and Fuel Supply Agreement for 4.1808 MTPA was signed with South-Eastern Coalfields Limited (SECL) and Mahanadi Coalfields Limited (MCL).

The coal was to be transported from the SECL / MCL mines through railway rakes up to nearby Odha Railway Station on Mumbai- Howrah Section (CR) and thereafter to the Project site via 29 km long dedicated Railway Siding. The infrastructure support to the project is as follows:

a) **Dedicated railway line corridor land:** An additional land parcel of approximately 350.07 acres (141.67 hectares) was taken on lease from the Maharashtra Industrial Development Corporation (MIDC). However, the balance land of approximately 110 acres, required for the railway siding, is yet to be taken into possession. As per the revised plan, the proposed railway siding originated from the existing railway siding of M/s MAHAGENCO's Eklahare Thermal Power Station. MAHAGENCO's railway siding is connected to the Mumbai–Howrah section, thereby linking the plant to the Indian Railways network.

b) **Land Details:** A total land measuring 1,047.82 hectares for Special Economic Zone (SEZ) development was acquired by MIDC from farmers and leased to Indiabulls Industrial Infrastructure Limited (IIIL) through lease deeds. Subsequently, land measuring 433.05 hectares was sub-leased by IIIL to Indiabulls Realtech Limited (IRL) under various lease agreements for setting up two coal-based thermal power plants (TPPs) of 1,350 MW each (five units of 270 MW each) in two phases. However, no separate land demarcation exists for Phase I and Phase II.

To ensure coal availability until commissioning of the plant railway siding, RNPL developed a temporary coal unloading facility at Eklahare along the existing MAHAGENCO railway track. Coal was transported by railway rakes up to the Eklahare unloading platform and thereafter by trucks to the plant site. Further, a 400 kV D/C Quad Moose transmission line of 56.75 km from Nashik TPP to the Babhaleshwar sub-station was completed, sub-station bay equipment erected, and the system commissioned.

c) **Water Supply:** A water drawl permit of 43.8 MCM per year (including conveyance losses) for recycled water from the Sewage Treatment Plant of Nashik Municipal Corporation, made available at the Eklahare Barrage on the Godavari River, was approved by the Government of Maharashtra. A dedicated pump house was constructed by STPL at the existing Eklahare Barrage, for which rent is paid to utilize the barrage, and a cross-country single pipeline of approximately 30 km was laid up to the plant.

The permitted water drawl was adequate for full plant operations; however, the water drawl agreement expired in October 2017 and requires renewal or extension. An in-plant storage reservoir of approximately 1 MCM capacity was constructed, sufficient to support about 10–11 days of full-load operation of all five units.

d) **Power Evacuation:** The plant is connected to the national grid through a dedicated 400 KV double-circuit (D/C) transmission line linked to the State Transmission Utility, MSETCL. STPL, through its subsidiary M/s SPTCL (Sinnar Power Transmission Co. Ltd.), constructed a dedicated ~56.75 km long 400 kV D/C Quad Moose conductor transmission line from the plant to the 400 KV Babhaleshwar sub-station of MSETCL.

The second circuit has been commissioned and connected to the GIS, while the first circuit has been commissioned and kept charged up to the STPL end since 2020; however, further connectivity with the GIS remains pending. The evacuation system is adequately designed to evacuate the entire power generated by the plant.

STPL entered into a Bulk Power Transmission Agreement (BPTA) dated January 04, 2011, with MSETCL and SPTCL, granting Long-Term Open Access (LTOA) rights of 950 MW, subject to commencement of power injection and confirmation of a buyer for 950 MW in Maharashtra. As these conditions have not yet been fulfilled, the BPTA/LTOA has not become operational. In the absence of LTOA, the company may apply for Medium-Term Open Access (MTOA) or Short-Term Open Access (STOA) for future power sales.

e) **EPC, Plant construction Services, Supplier/ OEMs:** Tata Consulting Engineers Ltd. was appointed as the Owner's Engineer, while quality assurance and inspection services were provided by Tata Projects Ltd. The BTG package was supplied by M/s BHEL on an EPC basis, and the BOP works were executed on an EPC basis through various standard package suppliers.

f) **Primary Fuel Sourcing (Coal):** The boiler was designed for domestic coal. Fuel Supply Agreement (FSA) linkages from SECL and MCL were approved for four units; however, the FSAs could not be operationalized due to the absence of a long-term Power Purchase Agreement (PPA). Subsequently, SECL and MCL issued termination letters, which were challenged by STPL before the Delhi High Court.

3. Pre-CIRP Performance and Challenges

Prior to commencement of CIRP, STPL was facing a combination of structural, operational and market-linked challenges which had a direct bearing on its financial viability and sustainability as a going concern. The key issues are elaborated below:

(a) Incomplete railway siding and logistics dependency: The dedicated railway siding, which was critical for cost-effective coal transportation,

remained partially incomplete. As a result, coal had to be transported from the nearest railway unloading point to the plant site through road logistics. This significantly increased the landed cost of coal due to higher freight expenses, transit losses, pilferage risks, and operational delays, thereby adversely impacting margins.

> ***Delayed receivables and limited access to working capital financing led to liquidity stress, affecting the timely procurement of fuel and other critical operational inputs.***

(b) Absence of long-term Power Purchase Agreements (PPAs): STPL did not have a firm long-term PPAs in place for a substantial portion of its generation capacity. This compelled the plant to rely on short-term arrangements and merchant power sales through power exchanges, which are inherently volatile and price sensitive. The absence of assured offtake led to revenue uncertainty and constrained the company's ability to plan operations and service its long-term debt obligations.

(c) High landed cost of coal and working capital constraints: Due to non-operationalisation of Fuel Supply Agreements (FSAs) and reliance on alternate coal sourcing mechanisms, the landed cost of coal remained high. Simultaneously, delayed receivables and limited access to working capital financing led to liquidity stress, affecting timely procurement of fuel and other critical operational inputs.

(d) Expiry and non-renewal of key statutory approvals: Certain critical statutory approvals, including water drawl permissions, had expired and were pending renewal. These regulatory uncertainties posed a material risk to uninterrupted plant operations and exposed the company to potential non-compliance consequences. This further affected lender and investor confidence.

(e) Labour unrest and human resource challenges: The company faced labour unrest, employee attrition, and resistance from local labour unions and Project Affected Persons (PAPs). These issues disrupted operations, affected morale, and increased management bandwidth requirements, particularly during a period of financial stress.

(f) Multiple litigations and disputes: STPL was involved in numerous litigations with contractors, fuel suppliers, lenders, and statutory authorities. These disputes not only resulted in contingent liabilities but also restricted operational flexibility, delayed infrastructure completion, and impacted the overall resolution prospects of the Corporate Debtor.

4. Key Reasons for Financial Stress

The financial stress experienced by STPL was the cumulative outcome of several interlinked factors, as detailed below:

(a) Delay in project execution and commercial stabilization: Delays in project implementation and commissioning led to deferment of revenue generation while interest during construction continued to accrue. The absence of timely commercial stabilisation prevented the plant from achieving optimal operating parameters in the initial years.

(b) Cost overruns and escalation in project debt: Project delays and changes in execution timelines resulted in cost overruns, which were largely funded through additional debt. This substantially increased the overall debt burden and weakened the capital structure of the company.

(c) Inadequate cash flows for debt servicing: Sub-optimal plant load factor, volatile power tariffs, and high operating costs resulted in insufficient cash flows. Consequently, the company was unable to meet its scheduled debt servicing obligations, leading to classification of the account as Non-Performing Asset (NPA).

(d) Non-operationalisation of coal linkage and PPAs: The inability to operationalise coal linkage due to lack of long-term PPAs further aggravated fuel supply risks and cost inefficiencies. This created a vicious cycle where absence of PPAs affected coal linkage, and vice versa.

(e) High financing costs and penal interest: The high cost of long-term financing, coupled with penal interest levied post-default, significantly increased fixed financial obligations. This further eroded profitability and strained cash flows.

(f) Operational inefficiencies due to incomplete infrastructure: Incomplete auxiliary infrastructure such as railway siding and evacuation linkages reduced operational efficiency and reliability, preventing the plant from achieving sustained generation at optimal capacity.

5. Initiation of CIRP

The CIRP was initiated on an application filed M/s. Shapoorji Pallonji & Co. Private Limited (Operational Creditor), under Section 9 of the IBC, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority), Rules, 2016. The same was allowed by the NCLT, New Delhi, Bench-IV vide its order dated September 19, 2022, and Mr. Adarsh Sharma was appointed as Interim Resolution Professional (IRP) in the instant matter (C.P. No. IB-2561/ (ND)/ 2019).

Subsequently, an appeal was filed by the suspended Director of the Corporate Debtor against the NCLT order before the National Company Law Appellate Tribunal (NCLAT), wherein, the NCLAT vide its order dated September 26, 2022, directed the IRP not to take any steps in the CIRP process. Thereafter, the NCLAT, vide its order dated January 19, 2024, dismissed the above-mentioned appeal, and as a result, the CIRP

> ***On an appeal filed by the suspended Director of the CD, the NCLAT stayed the CIRP. However, appeal was later dismissed, and CIRP resumed after about 16 months.***

Table 1: Details of Assets and Liabilities (As on Insolvency Commencement Date) (Amount in Lakhs)

S. No	Description of Information	Value as on 19.09.2022 (ICD)(Provisional)
I	Assets	
A)	**NON- CURRENT ASSETS**	**775,733.98**
i.	Property, Plant and Equipment	666,096.34
ii.	Capital Work in progress	100,913.39
iii.	Right of use	8029.24
iv.	Intangible assets	-
v.	Other financial assets	389.73
vi.	Non-current tax assets (net)	144.21
vii.	Other non-current assets	161.07
viii.	Assets held for sale	-
B)	**Current Assets**	**3,551.92**
i.	Inventories	942.27
ii.	Cash and Cash Equivalent	126.41
iii.	Other Bank Balance	519.99
iv.	Loans	0.33
v.	Other Financial assets	150.48
vi.	Other current assets	1,812.44
TOTAL ASSETS (A+B)		**779,285.90**

II	**EQUITY AND LIABILITIES**	
1	**Shareholder Funds**	**-757,005.17**
(a)	Equity share capital	3,197.72
(b)	Other equity	-753,807.45
2	**Non-current liabilities**	**5,451.38**
(a)	**Financial liabilities**	
i.	Lease liabilities	106.99
ii.	Borrowings	-
iii.	Other financial liabilities	5,319.54
(b)	**Provisions**	24.85
3	**Current liabilities**	**1,527,641.97**
(a)	**Financial liabilities**	
i.	Borrowings	720,396.01
ii.	Trade payables	-
iii.	Total outstanding dues of creditors other than micro enterprises and small enterprises	515.03
iv.	Other financial liabilities	806,722.49
(b)	**Other current liabilities**	8.06
(c)	**Provisions**	0.38
TOTAL EQUITY AND LIABILITIES		**779,285.90**

resumed. Subsequently, at the first meeting of the Committee of Creditors (CoC) held on February 15, 2024, a resolution approving the appointment of Mr. Rahuul Jindal as Resolution Professional (RP) for the CIRP of the Corporate Debtor was duly passed with an 89.79% majority of the voting share.

Prior to initiation of CIRP, various Litigations before the High Court / Arbitral Tribunal were pending with respect to recovery of amounts from the corporate debtor filed by various suppliers / contractors. After initiation of CIRP, all such litigations went into moratorium and could not be pursued during CIRP.

6. Initial Assessment by RP Team

Upon resumption of CIRP, the RP undertook a comprehensive diagnostic assessment to evaluate the viability of the Corporate Debtor and identify immediate risk areas. The assessment covered the following key aspects:

(a) Operational readiness of the plant and auxiliary facilities: The RP team assessed the physical condition of the generating units, balance of the plant, and auxiliary systems to determine the extent of maintenance required to preserve asset value and ensure readiness for revival under a resolution plan.

(b) Status of railway siding and coal logistics: A detailed review of the railway siding project and coal logistics arrangements was conducted to understand the feasibility of completing pending infrastructure and reducing fuel transportation costs.

(c) Review of contracts, litigations, and statutory compliances: All major contracts, ongoing litigations, and regulatory compliances were

reviewed to assess legal risks, contingent liabilities, and potential impediments to resolution.

(d) Assessment of human resources and industrial relations: The RP and his team evaluated employee strength, skill availability, industrial relations climate, and safety practices to ensure continuity of essential services and mitigate operational disruptions during CIRP.

(e) Evaluation of receivables, claims, and creditor positions: The RP examined outstanding receivables, verified claims submitted by various creditors, and analysed the creditor structure to facilitate informed decision-making by the CoC during the resolution process.

(f) **Fair Value and Liquidation Value:** The fair value of the Corporate Debtor was assessed at INR 4,523 crores, while the liquidation value was determined at INR 2,967 crores.

Table 2: Claims received by the Resolution Professional

S.No.	Creditor Name	Amount claimed (₹ Lakh)	Amount admitted (₹ Lakh)
1	Secured financial creditors (other than financial creditors belonging to any class of creditors)	15,90,939	15,90,939
2	Unsecured Financial Creditors (Other than the financial creditor belonging to any class of creditor)	9,753	8,547
3	Operational Creditors (Govt. Dues)	63, 934	63,934
4	Operational creditors (other than Employees, Workmen and Government Dues)	2,90,696	49,999
Total		**19,55,353**	**17,13,420**

Table 3: List of Financial Creditors and their Voting Share

Names of Financial Creditors	Voting Share (%)
Punjab National Bank	2.89%
REC Limited	33.08%
PFC Limited	41.19%
Axis Bank Limited	8.12%
Canara Bank	1.70%
Bank of India	8.12%
Life Insurance Corporation of India	4.90%
Total	**100.00%**

7. Claims and Constitution of the Committee of Creditors (CoC)

The total amount claimed by creditors was ₹19,55,353 Lakh of which ₹17, 13, 420 Lakh was admitted. The major financial creditors included Punjab National Bank, REC Limited, PFC Limited, Axis Bank Limited, Canara Bank, Bank of India, and Life Insurance Corporation of India. Details of the claims received is given in Table 1 and voting share of financial creditors in Table 2.

8. Publication of Form G and Receipt of Resolution Plans from Prospective Resolution Applicants (PRAs)

The first Form-G was published by the IRP on March 15, 2024. Pursuant to requests for extensions to the last date of submissions for Expression of Interest (EoI), the CoC agreed to extend the last date of submission. Accordingly, a fresh Form-G was published by RP on April 15, 2024. In response of which, the big Business Tycoons namely Jindal Power Limited, Adani Power Limited, Jindal India Powertech Limited, NTPC Limited, MAHAGENCO, JSW Energy Limited, Torrent Power Limited, Vedanta Limited etc., showed Interest and were included in Final List.

> *Finally, the consortium of MAHAGENCO and NTPC emerged as the highest bidder with a bid of ₹3,800.14 crore and was approved as the Successful Resolution Applicant.*

9. Negotiations

Pursuant to receipt of six resolution plans by big businesses namely Jindal Power Limited, Adani Power Limited, Vedanta Limited, MAHAGENCO and NTPC, Orissa Metalliks Pvt Ltd, VFSI Holding Pvt. Ltd.; the CoC, in its commercial wisdom, conducted a challenge process. Following the challenge process and subsequent negotiations with the CoC, the resolution plans were revised and resubmitted for the CoC's consideration. Finally, the consortium of MAHAGENCO and NTPC emerged as the highest

Table 4: Important Dates and Events

Action	Date
Date of Initiation of CIRP	19.09.2022
Date of Appointment of IRP	19.09.2022
Date of Publication of Public Announcement	21.09.2022
Date of Constitution of CoC	06.02.2024
Date of First Meeting of CoC	15.02.2024
Date of Appointment of RP	19.03.2024 Copy of order received on 20.03.2024.
Date of Issue of Invitation for EoI	15.03.2024 and 15.04.2024.
Date of Issue of RFRP	21.06.2024
Date of Approval of Resolution Plan by CoC	13.06.2025
Date of Filing of Resolution Plan with Adjudicating Authority	24.06.2025
Date of Expiry of 180 days of CIRP	14.07.2024
Date of Expiry of Extended Period of CIRP	09.06.2025 The RP has filed an application (IA (I.B.C)/2964/ND/2025) seeking a last extension of 30 days from the expiry of 510 days, i.e., 09.06.2025 till 09.07.2025

bidder with a bid of ₹3,800.14 crore and was approved as the Successful Resolution Applicant. The realisable amount represents 84.01% of the Fair Value, 128.07% of the Liquidation Value, and 62.99% of the principal amount.

In a rapidly growing economy like India, the revival of thermal power plants plays a critical role in sustaining economic growth, employment generation, and energy security. Despite rapid expansion of renewable energy, thermal power continues to provide reliable base-load capacity essential for meeting rising electricity demand and grid stability. Reviving stressed or idle thermal assets enables optimal utilization of existing infrastructure, reduces the need for fresh capital-intensive capacity addition, and safeguards large-scale direct and indirect employment across mining, logistics, and power operations. Further, domestic coal–based thermal plants enhance energy security by reducing dependence on power imports and balancing the intermittency of renewables, thereby supporting India's long-term growth trajectory and industrial expansion.

10. Obstacles faced during CIRP

Following are the key obstacles faced by the RP and his team during the CIRP:

> ***"Operationalization of the plant will add 1.3 GW of electricity in Maharashtra, an electricity-deficit state, while generating substantial direct and indirect employment and additional government revenue through taxes."***

a) A stay by the NCLAT for around 16 months (from 26.09.2022 to 19.01.2024)

b) Partial Completion of Railway Siding

c) Voluminous Data of Corporate Debtor

d) Employee/ Workmen Strike and around 76 Project Affected People (PAP)

e) Stronghold of Maharashtra Labour Union

f) Stepdown of Technical Managerial Personnels

g) Involvement of complex Litigations

h) An application is pending before Supreme Court related to acquisition of land on which a railway line was to be built for transportation of coal to STPL plant in Nashik.

i) During the CIRP process, various applications were filed with respect to Avoidance Transactions, Application related to admission of claim of one of the operational creditors and an application by one of the CoC members challenging the method for distribution of resolution proceeds approved by COC.

11. Avoidance Transactions and Pending Cases

Further, an avoidance application in respect of Preferential, Undervalued, Fraudulent, and Extortionate (PUFE) transactions, aggregating to ₹63.15 crore, was filed by the RP and is presently pending before the NCLT.

Pursuant to the approval of the Resolution Plan vide the NCLT order, the right to pursue all PUFE/avoidance applications filed by the IRP/RP and/or the CoC under Sections 43 to 67 of the Code shall vest with the CoC. Any recoveries made by the Corporate Debtor pursuant to such applications shall be distributed to the assenting financial creditors of the Corporate Debtor, excluding the creditors against whom the relevant avoidance orders are passed.

12. Conclusion

The Resolution Plan amounting to ₹3,800.14 crore, approved by the NCLT through its order dated November 28, 2025, constitutes a decisive and transformative development in the CIRP of STPL. This adjudication not only affirms the credibility and robustness of the resolution framework under the IBC but also underscores the constructive collaboration of all stakeholders in achieving a viable and sustainable outcome. The assenting financial creditors and other stakeholders will be able to recover an amount of ₹3,725.14 crore against a project that has been non-operational since 2017. Further, resolution of the

project will provide regular employment to Project Affected Persons (PAP) who have been associated with the Corporate Debtor since its inception. Operationalization of the plant will generate electricity to the tune of 1.3 GW in Maharashtra, an electricity-deficit state, and generate additional revenue for government authorities in the form of taxes.

The sanctioned Resolution Plan lays a strong foundation for the company's operational revitalization, financial reorganisation, and long-term stability. It is expected to facilitate optimal value realisation for creditors, preserve underlying asset potential, and foster renewed confidence in the sector's resolution ecosystem. This milestone marks the culmination of a rigorous and transparent process, paving the way for a structured revival of the Corporate Debtor in alignment with the overarching objectives of the IBC, 2016.

The successful resolution of Sinnar Thermal Power Limited marks a significant milestone in the insolvency resolution of large power sector assets. Approval of the Resolution Plan has not only ensured substantial recovery for creditors but has also preserved a strategically important power asset, reaffirming the effectiveness of the IBC framework in resolving complex infrastructure insolvencies.