

April 04, 2025

## JSW Vayu (Som) Private Limited: Provisional rating withdrawn and [ICRA]A- (Stable) simultaneously assigned

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	589.30	589.30	Provisional [ICRA]A+ (Stable) withdrawn and [ICRA]A- (Stable) simultaneously assigned
Long-term – Working capital demand loan	51.81	51.81	Provisional [ICRA]A+ (Stable) withdrawn and [ICRA]A- (Stable) simultaneously assigned
<b>Total</b>	<b>641.11</b>	<b>641.11</b>	

\*Instrument details are provided in Annexure-I

### Rationale

For arriving at the ratings, ICRA had earlier done a consolidated assessment for the pool of 15 special purpose vehicles (SPVs)<sup>1</sup> with implicit support from the ultimate parent company - JSW Energy Limited (JSWEL) - based on the co-obligor agreement with a cash pooling structure having a well-defined mechanism for the sharing of surplus cash flow prior to the due date of debt servicing among the SPVs. JSW Vayu Som Private Limited (JVSPL; previously Mytrah Vayu Som Private Limited) was expected to be a part of the co-obligor agreement, but the required documentation was pending, hence a provisional rating was assigned to the company. As the co-obligor agreement by JVSPL with the other special purpose vehicles (SPV) of the Group has still not been executed within timelines, as per the ICRA Policy, ICRA has withdrawn the provisional rating of [ICRA]A+ (Stable) assigned to the bank facilities of JVSPL. Further, ICRA has changed the rating approach for JVSPL and assigned a rating of [ICRA]A- (Stable) to its bank facilities based on a standalone credit profile assessment of the entity with rating upliftment based on implicit support from JSWEL.

The assigned rating factors in the managerial and financial support from a strong ultimate parent – JSWEL (rated [ICRA]AA (Stable)/[ICRA]A1+). JSWEL's credit profile is supported by its large scale of operations and a diversified business profile with presence across thermal, hydro and renewable power generation, power transmission and power trading. It enjoys strong financial flexibility from being a part of an experienced and resourceful promoter Group.

The rating for JVSPL also considers the availability of 25-year long-term power purchase agreements (PPA) with Jaipur Vidyut Vitran Nigam Limited (JVVNL), Ajmer Vidyut Vitran Nigam Limited (AVVNL) and Madhya Pradesh Power Management Company (MPPMCL) for ~93-MW of the overall wind power capacity of 120.1 MW. The company has tied up 62.9-MW capacity with JVVNL and AVVNL at a fixed tariff of Rs. 5.74/unit and 30-MW capacity with MPPCL at a tariff of Rs. 5.92/unit. The power generated from the balance capacity is currently sold in the short-term market.

<sup>1</sup> The 15 SPVs comprise Mytrah Aadhya Power Private Limited, Mytrah Aakash Power Private Limited, Mytrah Abhinav Power Private Limited, JSW Adarsh Power Private Limited, JSW Advait Power Private Limited, JSW Akshaya Energy Private Limited, JSW Vayu (Godavari) Private Limited, Mytrah Vayu (Krishna) Private Limited, Mytrah Vayu (Sabarmati) Private Limited, Mytrah Vayu (Manjira) Private Limited, JSW Vayu (Pennar) Private Limited, Mytrah Vayu Urja Private Limited, Bindu Vayu Urja Private Limited, Mytrah Agriya Power Private Limited (MAGRPL) and JSW Vayu (Som) Private Limited (JVSPL). MAGRPL and JVSPL were assigned provisional ratings as the execution of the co-obligor agreement was pending.

The generation performance of the wind asset had largely been modest in the past owing to inadequate maintenance activity and a subdued wind season. However, after the acquisition of the portfolio in March 2023 by JSWEL, the new management took various rectification steps to improve the wind generation performance, which led to a significant improvement in the PLF levels in FY2024. In FY2025 as well, the generation performance stood improved at a similar level to that of FY2024. Also, the management is undertaking measures to optimise the cost structure. Further, the favourable refinancing undertaken by the new management has brought down the interest cost. While the project leverage remains high, the company's debt coverage metrics are expected to remain comfortable.

The rating is, however, constrained by the exposure to the discoms of Rajasthan and Madhya Pradesh, which have modest credit profiles, evident from the large delays witnessed in the past in receiving the payments. Nonetheless, the payment profile has significantly improved following the implementation of the late payment surcharge (LPS) rules notified by the Ministry of Power, Government of India, in June 2022. The present collection period for the company is 75-80 days; however, the sustainability of the same remains to be seen.

Further, the company remains exposed to the sale of power in the short-term market as 27.1 MW of the capacity remains untied. The signing of a long-term PPA for the balance capacity of 27.1 MW in Rajasthan has been put on hold due to certain issues with the discoms and the company is pursuing the matter with the regulators. While the company been able to achieve remunerative tariffs in the past from the sale of this untied capacity, it remains exposed to volume and tariff risks in the short-term market. Also, the weak cost competitiveness of the PPA tariff in relation to the average power purchase cost (APPC) of the utilities and the grid tariff rates in the respective states exposes the project to the risk of grid curtailment in future.

The rating is also constrained by the fact that the company's cash flows and debt protection metrics remain sensitive to its generation performance. Any adverse variation in weather conditions and equipment performance may impact the PLF levels and consequently affect the cash flows as the PPA tariff is single part and fixed in nature.

ICRA notes that JVSPL's debt coverage metrics remain exposed to the interest rate movement, given the annual interest rate reset. Further, the company's operations are exposed to regulatory risks pertaining to the scheduling and forecasting requirements of wind power projects.

The Stable outlook on the long-term rating reflects the presence of long-term PPAs, an improved generation performance following the rectification measures undertaken by the sponsor and the comfortable debt coverage metrics.

## Key rating drivers and their description

### Credit strengths

**Presence of a strong sponsor in the form of JSW Energy Limited** - JVSPL is supported by the strong credit profile of the sponsor, underpinned by its large scale of operations and a diversified business profile. JSWEL is in the business of power generation and transmission with presence across multiple states. As on March 31, 2025, JSWEL had an operating generation capacity of 10.90-GW [thermal (52%), hydro (13%), renewable energy (35%)] and an under-construction capacity of ~9.2 GW<sup>2</sup> (excluding storage and inorganic projects). Further, it is focused on transforming itself into a major renewable player with an overall capacity of over 20 GW by FY2030. It enjoys strong financial flexibility from being part of an experienced and resourceful promoter group.

**Revenue visibility from long-term PPAs for ~78% of the capacity at fixed tariffs** – Of the overall wind power capacity of 120.1 MW, the company has signed long-term PPAs for ~63-MW capacity with JVVNL and AVVNL at a fixed tariff of Rs. 5.74/unit and 30 MW of capacity is tied up with MPPCL at a tariff of Rs. 5.92/unit.

<sup>2</sup> Includes partly commissioned capacity for a few projects

**Improved payment discipline from offtakers** – The improvement in the payment discipline by the state discoms following the LPS rules has resulted in a reduction of the receivables and is viewed positively. However, the sustainability of the payment discipline remains to be seen.

**Improved generation performance** - The company's generation performance improved in FY2024 driven by the steps taken by the management after the acquisition, which mainly included initiating the required repair/maintenance activity for the WTGs (wind turbine generators), leading to improved machine availability, strengthening of the balance of plant/system, better planning for the availability of spares and renegotiation of the performance parameters with the O&M contractors. In FY2025 as well, the generation performance stood improved at a similar level to that of FY2024. The company's PLF level improved to 23.14% in FY2024 from 14.31% in FY2023. In 4M FY2025, the PLF stood at 27.34% compared to 27.99% in 4M FY2024.

**Comfortable debt coverage metrics** – The debt coverage metrics for the company are expected to be comfortable, supported by long-term PPAs at reasonable tariffs for majority of the capacity, the long tenure of the project debt and competitive interest rates.

### Credit challenges

**Sensitivity of debt metrics to energy generation** – The debt metrics of the wind project remain sensitive to the PLF level, given the one-part tariff structure under the PPAs. Hence, any adverse variation in the weather conditions and/or equipment performance may impact the PLF and consequently the cash flows. Also, the performance of the wind assets under JVSP remained subdued in the past owing to low machine availability amid inadequate maintenance activity. Nonetheless, post takeover, the new management has undertaken rectification measures which have improved the operational performance of the assets.

**Counterparty credit risk due to exposure to Rajasthan and Madhya Pradesh discoms having modest credit profiles** - The company remains exposed to counterparty credit risks due to the exposure to the state discoms of Rajasthan (JVVNL and AVVNL) and Madhya Pradesh (MPPMCL), which have modest credit profiles, as reflected in the large delays witnessed in the past in receiving the payments. Nonetheless, the payment profile has significantly improved following the implementation of the LPS rules, with the present collection period at 75-80 days for the company. However, the sustainability of the same remains to be seen.

**Weak tariff competitiveness; ~22% of project capacity exposed to short-term market** – The project tariff of Rs. 5.74-5.92 per unit is higher than the APPC for the Rajasthan and Madhya Pradesh discoms. Further, it is higher than the tariffs discovered recently in the sector of about Rs. 2.5-3.0 per unit and does not offer any discount on the net grid tariff (grid tariff adjusted for open access charges) prevailing in the state. This makes the tariff offered by the project less competitive, leading to the risk of grid curtailment in future. Also, the company remains exposed to volume and tariff risks in the short-term market for 22% of its capacity owing to the absence of a long-term PPA. Lower volume and unremunerative tariffs in the short-term market would impact the company's coverage metrics negatively.

**Exposure to interest rate movement** - The company's debt coverage metrics remain exposed to the variation in interest rates because of a leveraged capital structure, the single-part nature of the fixed tariff in the PPAs and floating interest rates.

**Regulatory challenges associated with scheduling and forecasting framework** - The company's operations remain exposed to regulatory risks pertaining to scheduling and forecasting requirements applicable for wind energy projects, given the variable nature of wind energy generation.

## Liquidity position: Adequate

The company's liquidity position is adequate, supported by positive cash flow from operations and one quarter's debt service reserve account (DSRA) balance. Also, the recovery of past dues under the instalment scheme and satisfactory generation performance will support the cash flow from operations. This, along with the available cash balances, is expected to be adequate to meet the annual debt repayment obligation of Rs. 41.90-47.45 crore over FY2025-FY2026. The company had free cash and bank balances of Rs. 109.68 crore as of December 2024.

## Rating sensitivities

**Positive factors** - ICRA could upgrade the company's rating if the generation performance of the wind assets improves, along with the continuation of timely payments from the offtakers and tie-up of PPAs for the entire capacity, while maintaining healthy debt coverage metrics. Also, the rating could improve if the credit profile of the company's ultimate parent, JSWEL, improves.

**Negative factors** - The rating could be downgraded if the generation performance of the assets deteriorates, thereby adversely impacting the company's debt coverage metrics. Further, any significant delays in receiving payments from the offtakers adversely impacting the company's liquidity profile would be a negative factor. Also, a weakening of the credit profile of JSWEL, or any change in linkages/support philosophy between the parent and the company would be the negative factors.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Power – Wind</a> <a href="#">Policy on Withdrawal of Credit Ratings</a>
Parent/Group support	Parent/Group Company: JSWEL; ICRA expects JSWEL to be willing to extend financial support to the company, if required, given the business linkages, strategic importance and the willingness shown by the parent to support the companies in the Group
Consolidation/Standalone	The rating is based on the standalone financials of the company

## About the company

JVSPL was incorporated by the Mytrah Group in March 2015. The company owns and operates 120.1-MW wind power projects in the Jaisalmer district (Nidhi-90.1-MW) of Rajasthan and the Mandasaur (Nipaniya-30-MW) district of Madhya Pradesh. The projects commissioned operations in January 2016 (Nipaniya) and March 2016 (Nidhi). The Nidhi (90.1-MW) project has 25-year PPAs signed with JVVNL and AVVNL for a capacity of 62.9 MW, with the rest of the capacity of ~27 MW being sold in the short-term market. The Nipaniya (30-MW) project has a 25-year PPA signed with MPPMCL. In March 2023, the projects were acquired by JSWEL from the Mytrah Group in a 100% stake sale. The company is now fully held by JSW Neo Energy Limited, a 100% subsidiary of JSWEL.

### Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	84.15	145.33
PAT	-34.83	37.20
OPBDIT/OI	67.95%	86.80%
PAT/OI	-41.39%	25.60%
Total outside liabilities/Tangible net worth (times)	146.97	5.22
Total debt/OPBDIT (times)	11.35	4.46
Interest coverage (times)	0.73	2.27

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	Current (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	589.30	Apr 04, 2025	Provisional [ICRA]A+ (Stable); withdrawn and simultaneously [ICRA]A- (Stable) assigned	Oct 09, 2024	Provisional [ICRA]A+ (Stable)	Sept 27, 2023	Provisional [ICRA]A+ (Stable)	-	-
Working capital demand loan	Long term	51.81	Apr 04, 2025	Provisional [ICRA]A+ (Stable); withdrawn and simultaneously [ICRA]A- (Stable) assigned	Oct 09, 2024	Provisional [ICRA]A+ (Stable)	Sept 27, 2023	Provisional [ICRA]A+ (Stable)	-	-
Unallocated limits	Long term	-	-	-	-	-	Sept 27, 2023	Provisional [ICRA]A+ (Stable)	-	-

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund-based - Term loan	Simple
Long term – Working capital demand loan	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	Term loan	FY2016	NA	Jun-2037	589.30	[ICRA]A- (Stable)
NA	Working capital demand loan	NA	NA	NA	51.81	[ICRA]A- (Stable)

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

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