

April 08, 2025

## Mytrah Vayu (Tungabhadra) Private Limited: Rating reaffirmed

### Summary of rating action

| Instrument*                          | Previous rated amount<br>(Rs. crore) | Current rated amount<br>(Rs. crore) | Rating action                 |
|--------------------------------------|--------------------------------------|-------------------------------------|-------------------------------|
| Long term – Fund-based – Term loan   | 852.23                               | 819.60                              | [ICRA]A- (Stable); reaffirmed |
| Long term – Fund-based – Cash credit | 48.50                                | 48.50                               | [ICRA]A- (Stable); reaffirmed |
| <b>Total</b>                         | <b>900.73</b>                        | <b>868.10</b>                       |                               |

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation for Mytrah Vayu (Tungabhadra) Private Limited (MVTPL) factors in the managerial and financial support from a strong ultimate parent – JSW Energy Limited (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 MVTPL considers the limited demand and tariff risks for its wind power capacity of 148.9 MW by virtue of 25-year long-term power purchase agreements (PPAs) with Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) for the entire capacity at a fixed tariff rate. Also, the debt restructuring approved by the lenders at the time of takeover by JSW Neo Energy Limited (JSWNE), a 100% subsidiary of JSWEL, with a reduced interest rate and an elongated repayment tenure, has resulted in adequate debt coverage metrics for the company, with the cumulative debt service coverage ratio (DSCR) on the external debt estimated at ~1.2x over the debt tenure. Moreover, the availability of a one-quarter debt service reserve account (DSRA) that shall be increased to two quarters and undrawn working capital lines in case of any build-up in receivable position would support the company's liquidity profile.

The company recovered the past dues from APSPDCL through 12-month instalments till July 2023, under the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS) notified by Ministry of Power, Government of India, in June 2022. Also, the company is currently receiving payments for the bills raised in a regular manner, i.e., within 75 days from the date of billing, for most of the months. However, the discom is capping the payments for the electricity generated and supplied to the normative plant load factor (PLF) of 23.5% approved under the tariff regulations, with the additional units to be billed at Rs. 0.50 per unit instead of the PPA tariff. This is being contested by the wind IPPs in the state as there is no such provision in the PPA. Nonetheless, the debt sizing for MVTPL under the restructuring was arrived at based on a PLF of 23.5%, thereby mitigating any downside risk. Moreover, the generation-based incentive (GBI) of 50 paise per unit provided by the Government of India is being retained by APSPDCL, which has also been challenged by the wind IPPs in the state. A favourable resolution of these issues would improve the return profile of the project under MVTPL.

The rating is, however, constrained by the exposure to a weak counterparty, APSPDCL, which has a modest financial profile. While the receivable position has significantly reduced with the implementation of the LPS scheme, the timely receipt of the ongoing bills from APSPDCL on a sustained basis remains a key monitorable for MVTPL. The rating is also constrained by the vulnerability of the revenues and cash flows to seasonality and variation in wind power density across the years owing to the single-part tariff under the PPA. Also, the machine availability for the project was adversely impacted by inadequate maintenance activity in the past, lowering the generation in FY2022 and FY2023. Post takeover by JSWNE, MVTPL's generation

performance improved significantly in FY2024, though it remained slightly lower than the P-90 estimate assessed by the JSW Group at the time of acquisition. While the generation performance declined to some extent in FY2025 compared to FY2024, it continued to be satisfactory. It remains to be seen whether the PLF stays in line or higher than the P-90 level, going forward.

Further, the weak cost competitiveness of the PPA tariffs in relation to the average power purchase cost (APPC) of the state discom exposes the project to the risk of grid curtailment in the future. Also, a leveraged capital structure and the fixed project tariff expose the company to the variations in interest rates on the project debt. Further, the company's operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements of wind power projects.

The Stable outlook on the rating for the bank loan facilities of MVTPL factors in the revenue visibility from the long-term PPAs, an improved payment discipline by the customers and adequate debt coverage metrics, along with the support available from the group.

## Key rating drivers and their description

### Credit strengths

**Presence of a strong sponsor in the form of JSW Energy Limited** – MVTPL 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>1</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. As part of the restructuring, JSWEL had infused Rs. 30 crore as OCDs into MVTPL, which was inter-alia used for the creation of a one-quarter DSRA. JSWEL has also infused additional funds in the company to fund the capex for repairing the wind turbine generators (WTGs).

**Revenue visibility from long-term PPAs at fixed tariffs** – The company has signed long-term PPAs with APSPDCL for the entire project capacity of 148.9 MW at a fixed tariff of Rs. 4.83 per unit for 98.3 MW and Rs. 4.84 per unit for 50.6 MW, for a tenure of 25 years, limiting the demand and tariff risks.

**Improved generation performance and debt restructuring at the time of acquisition have resulted in adequate debt coverage metrics** – The generation performance of the wind power capacity under MVTPL improved in FY2024 after the acquisition by the new sponsor, following the rectification measures undertaken by the new sponsor with a PLF of 28.2% in FY2024 against 15.8% in FY2023, though it remained below the revised P-90 estimate. Further, the generation performance declined to some extent in FY2025 (27.2% in 10M FY2025) compared to FY2024, but remained satisfactory. It remains to be seen whether the PLF stays in line or higher than the P-90 level, going forward. The improved generation performance, favourable debt restructuring with a reduction in interest rate and an elongated repayment tenure have resulted in adequate debt coverage metrics for the company.

**Comfortable liquidity profile** – The liquidity profile of the company is supported by the improved payment discipline of the discoms following the notification of the LPS rules in June 2022, a one-quarter debt service reserve (DSRA) that shall be increased to two quarters and undrawn working capital lines in case of any build-up in the receivable position. The company recovered the past dues from APSPDCL through 12 monthly instalments till July 2023, resulting in a significant reduction in the company's receivable position.

### Credit challenges

**Sensitivity of debt metrics to energy generation; single location of the project** – The debt coverage metrics of the wind power project remain sensitive to the PLF level, given the one-part tariff structure under the PPA. Hence, any adverse variation in

<sup>1</sup> Includes partly commissioned capacity for a few projects

weather conditions and/or equipment performance may impact the PLF and consequently the cash flows. Also, the company faces high asset concentration risk.

**Counterparty credit risk due to exposure to discom having modest financial profile** – The company remains exposed to counterparty credit risks due to the exposure to APSPDCL, which has a modest financial profile, and this is reflected in the large payment delays witnessed in the past. Nonetheless, after the implementation of the LPS rules, the payment cycle has improved significantly with the current collection period at ~75 days for most of the months. However, the sustainability of the collection trend remains to be seen.

**Weak tariff competitiveness** – The competitiveness of the tariff of Rs. 4.83/4.84 per unit for the project remains relatively weak in relation to the APPC of the discom. Further, it is higher than the tariff of about Rs. 3.5-4.0 per unit discovered recently in the sector. This exposes the company to the risk of grid curtailment by the discom.

**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 and the single-part fixed tariff in the PPAs. However, this is partly mitigated in the near term as the interest rate is fixed for a period of three years from the date of debt restructuring (March 2023).

**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

MVTPL's liquidity position is expected to remain adequate, supported by the satisfactory generation performance and regular realisation of dues from the customer. The company is expected to generate annual cash flow from operations of Rs. 53-55.5 crore against a debt repayment obligation of Rs. 36.44-40.72 crore over FY2026-FY2027. Moreover, the availability of a DSRA of one quarter, healthy free cash balances of Rs. 124.05 crore as of March 2025 and availability of undrawn working capital facility in case of an increase in receivables is expected to support the liquidity profile.

### Rating sensitivities

**Positive factors** – ICRA could upgrade MVTP's rating in case of a sustained improvement in the generation performance of its wind asset, along with timely payments and resolution of regulatory issues with the offtaker, thereby resulting in comfortable debt coverage metrics. Also, the rating could improve if the credit profile of its ultimate parent, JSWEL, improves.

**Negative factors** – The rating could be downgraded if MVTP's generation performance deteriorates, thereby adversely impacting its debt coverage metrics. A specific credit metric for downgrade includes the cumulative DSCR on the external debt falling below 1.15 times. Further, any significant delays in receiving payments from the offtaker, 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 MVTP would be the negative factors.

### Analytical approach

| Analytical approach             | Comments  |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">Power - Wind</a><br><a href="#">Corporate Credit Rating Methodology</a> |
| Parent/Group support            | The rating assigned to MVTP factors in the implicit support from JSW Energy Limited |
| Consolidation/Standalone        | Standalone  |

## About the company

MVTPL was incorporated by the Mytrah Group in March 2015. The company owns and operates 148.9-MW wind power capacity at Aspari in the Kurnool district of Andhra Pradesh. The project was fully commissioned in March 2017. In June 2023, the company was acquired by JSWNL from the Mytrah Group in a 100% stake sale. The company is now fully held by JSWNL, a 100% subsidiary of JSW Energy Limited. The project was developed using wind turbine generators (WTGs) from GE India Industrial Private Limited, which is also the O&M contractor for this project.

## Key financial indicators (audited)

| MVTPL (Standalone)                                   | FY2023  | FY2024 | 9M FY2025* |
|--|---------|--------|------------|
| Operating income                                     | 98.0    | 171.0  | 120.7      |
| PAT  | -293.2  | 25.6   | 23.7       |
| OPBDIT/OI  | -162.0% | 83.8%  | 88.8%      |
| PAT/OI   | -299.2% | 14.9%  | 19.7%      |
| Total outside liabilities/Tangible net worth (times) | -9.9    | -12.6  | -16.5      |
| Total debt/OPBDIT (times)                            | -6.5    | 9.1    | 9.1        |
| Interest coverage (times)                            | -0.9    | 1.7    | 2.0        |

Source: Company, ICRA Research; \* Provisional numbers; 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 |                  |        |        |        |        |
|------------------|-----------|--------------------------|----------------|------------------|---|------------------|--------|--------|--------|--------|
| FY2026           |           |                          |                |                  | FY2025  |                  | FY2024 |        | FY2023 |        |
| Instrument       | Type      | Amount rated (Rs. crore) | Date           | Rating           | Date  | Rating           | Date   | Rating | Date   | Rating |
| Term loan        | Long term | 819.60                   | April 08, 2025 | [ICRA]A-(Stable) | April 09, 2024                                    | [ICRA]A-(Stable) | -      | -      | -      | -      |
| Cash credit      | Long term | 48.50                    | April 08, 2025 | [ICRA]A-(Stable) | April 09, 2024                                    | [ICRA]A-(Stable) | -      | -      | -      | -      |

## Complexity level of the rated instruments

| Instrument                           | Complexity indicator |
|--------------------------------------|----------------------|
| Long term – Fund-based – Term loan   | Simple               |
| Long term – Fund-based – Cash credit | 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   | Long term – Fund-based – Term loan   | June 2023        | -           | March 2042 | 819.60                   | [ICRA]A- (Stable)          |
| NA   | Long term – Fund-based – Cash credit | NA               | NA          | NA         | 48.50                    | [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

## ANALYST CONTACTS

**Girishkumar Kadam**

+91 22 6114 3406

[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Vikram V**

+91 40 6939 6410

[vikram.v@icraindia.com](mailto:vikram.v@icraindia.com)

**Rachit Mehta**

+91 22 6169 3328

[rachit.mehta2@icraindia.com](mailto:rachit.mehta2@icraindia.com)

**Rishi S Tekchandani**

+91 79 6923 3066

[rishi.tekchandani@icraindia.com](mailto:rishi.tekchandani@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6169 3304

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6.00 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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