June 17, 2025

Mumbai Urja Marg Limited: Rating assigned For NCD programme; Rating reaffirmed and withdrawn for bank facilities

Summary of rating action

Instrument*	Pervious rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Existing NCD	-	2450.00	[ICRA]AAA (Stable); assigned
Proposed NCD	-	180.00	[ICRA]AAA (Stable); assigned
Proposed long term – Fund-based - Term loan	100.00	-	[ICRA]AAA (Stable); reaffirmed & withdrawn
Total	**100.00**	**2630.00**	

**Instrument details are provided in Annexure I*

Rationale

The assigned rating for Mumbai Urja Marg Limited (MUML) factors in the satisfactory operational track record of its power transmission project with the line availability remaining above the normative level for all the packages, since commissioning. MUML is an inter-state transmission system (ISTS) project covering Western Region Strengthening Scheme-XIX (WRSS-XIX) and North-Eastern Region Strengthening Scheme-IX (NERSS-IX) spanning across Maharashtra, Gujarat, Assam and Arunachal Pradesh. This is a single project with four sub-packages (A, B, C and D). Package A was commissioned in June 2022, Package D in August 2023, Package B in September 2024 and Package C in October 2024. The weighted average track record of all the packages as a percentage of the tariff is approximately 12 months.

The rating also factors in the assured offtake for its power transmission project by virtue of a long-term (35 years) transmission service agreement (TSA) with availability-linked payments signed with 14 long-term transmission customers (LTTCs). Further, the project, being a part of the ISTS, is expected to benefit from favourable payment security under the pooling mechanism managed by the Central Transmission Utility of India Limited {CTU; subsidiary of Power Grid Corporation of India Limited (PGCIL)}. The CTU is responsible for the billing and collection on behalf of all the inter-state transmission licensees in the country, thereby significantly diversifying the counterparty credit risk. The availability-linked payments and low payment risk provide high visibility to the company’s revenues and cash flows. The collections of the bills raised for all the packages are being realised in a timely manner, since commissioning.

The capital cost of the project increased from the appraised level of Rs. 2,854 crore to Rs. 3,099 crore, mainly due to an increase in right of way (ROW) expenses and higher interest during construction (IDC) because of delays in implementation. The company has claimed additional tariff across packages under change-in-law in lieu of the higher cost from the LTTCs, as per the Electricity (Timely Recovery of costs due to Change in Law) Rules dated October 22, 2021, notified by the Ministry of Power, Government of India. As of April 2025, the company has obtained the Central Electricity Regulatory Commission’s (CERC) approval under change-in-law for the additional tariff for Package D, while for the remaining packages (Package B and C), the approval under change-in-law is under petition with the regulatory authority.

The company had refinanced its long-term debt by replacing the term loan of Rs. 2,046.1 crore with non-convertible debentures (NCD) amounting to Rs. 2,450 crore in December 2024. The additional debt availed was mainly used to fund the cost overrun and repay a portion of the subordinated debt of the promoters. The existing NCDs have a tenure of 14 years with a bullet repayment of 74.45% in Q2 FY2039. The coupon rate is fixed till eight years from the date of allotment of NCDs; however, the debenture holders have the right to reset the coupon rate thereafter. Further, the terms of the NCDs provide a put option to the debenture holders at the end of the eight years from the date of allotment. In addition, the company may be required to make mandatory prepayment of the NCDs, if its credit rating falls below AA. ICRA also takes note of the cross-default linkages with the parent under the terms of the NCDs. While these expose the company to refinancing risk, comfort can be drawn from the long TSA tenure of 35 years and the high certainty of cash flows for a power transmission project. The promoter contribution for the project is in the form of equity, compulsory convertible debentures (CCDs), and unsecured loans (USLs). The promoter USLs is subordinated to the external project debt.

ICRA notes that the company plans to take additional debt of Rs. 180.0 crore, post approval from the existing NCD holders, following the approval of additional tariff under change-in-law for Package D. The same will be used to partly pay the capital creditors. After factoring in the proposed additional debt and approved change-in-law tariff for Package D, the debt coverage metrics for the project are expected to remain adequate, with the cumulative debt service coverage ratio (DSCR) estimated to stay at ~1.2x over the debt tenure.

The rating continues to factor in the established track record of its sponsor- Resonia Limited {RL; formerly known as Sterlite Grid 32 Limited (SGL 32)} - in implementing and operating power transmission projects. RL is a platform incorporated by Sterlite Grid 5 Limited (SGL5) and Singapore-based sovereign fund GIC with a shareholding ratio of 51% and 49%, respectively, by demerging the transmission business of Sterlite Power Transmission Limited (SPTL). RL currently holds a portfolio of 11 power transmission projects through various special purpose vehicles. Within this, three projects are operational as on date and the balance eight projects are under development. The commissioned power transmission projects have been operating at a healthy line availability. GIC has made a funding commitment towards RL to develop and operate power transmission assets as per shareholding agreement with Sterlite Grid 5 Limited.

The rating also considers the company's exposure to operations and maintenance (O&M) related risks, including the risk of an increase in O&M cost, inadequate maintenance resulting in lower line availability and potential deductions from transmission charges by the CTU. However, the experience of the sponsor in the power transmission business should ensure adequate resource allocation and cost-efficient execution of O&M activity. The rating also considers the exposure to interest rate risks, after eight years of the NCD issuance, due to the high share of debt funding in the project cost and the largely fixed tariff under the TSA.

The Stable outlook on the long-term rating of MUML factors in the high cash flow visibility for its transmission project, supported by the long-term TSA, high line availability and a strong payment security.

ICRA has reaffirmed and withdrawn the [ICRA]AAA (Stable) rating assigned to the proposed Rs. 100 crore term loan of MUML at the request of the company and since the company has not raised the term loan from any lender, in accordance with ICRA's policy on withdrawal of ratings.

Key rating drivers and their description

Credit strengths

Assured offtake under long-term TSA with availability-linked payments – The presence of a long-term TSA (35-years) with availability-linked tariff payments limits the demand and tariff risks for the transmission project of MUML. The company is eligible to receive the full quoted tariff under the TSA if the line availability is maintained at or above 98.0%. Also, the company would be eligible to receive incentives for availability over the normative level.

Strong payment security from being a part of ISTS pool - The transmission project under MUML is a part of the inter-state transmission grid, which enjoys strong payment security because of the pooling benefit at the national level. The CTU is responsible for raising bills and collecting payments from the consumers of the transmission system and distributing the payments among various inter-state transmission licensees.

Satisfactory operating performance – The operational performance of all the packages has remained satisfactory with the line availability remaining above the normative level since commissioning. Also, the collections of the bills raised for all the packages are being realised in a timely manner.

Debt coverage metrics expected to be adequate – The debt coverage metrics of the project are expected to be adequate, with the cumulative DSCR seen to remain at ~1.2x, supported by the long-term TSA with availability-linked tariff, the long tenure of the project debt and a competitive interest rate. This considers an additional debt of Rs. 180.0 crore apart from the existing NCDs of Rs. 2,450 crore, prevailing interest rate and the CERC-approved additional tariff under change-in-law for Package D.

Established track record of sponsor Group - MUML is promoted by RL, a platform incorporated by SGL5 and Singapore-based sovereign fund GIC by demerging the erstwhile transmission business of SPTL. The project will continue to benefit from the established track record of the Sterlite Power Group in operating power transmission projects.

Credit challenges

Moderate operations and maintenance risk - As the company's revenues are subject to the maintenance of the stipulated line availability, it is important that the lines are maintained in a good condition, reducing instances of tripping and minimising the outage time. While MUML's profitability will remain exposed to the variations in O&M expenses, the risk is partially mitigated as O&M expenses form a small proportion of the revenues. Further, sponsors' experience in the power transmission business should ensure adequate resource allocation and cost-efficient execution of the O&M activity.

Refinancing risks - The existing NCDs have a tenure of 14 years with a bullet repayment of 74.45% of the debt in Q2 FY2039. Further, the terms of the agreement provide a put option to the debenture holders at the end of eight years from the date of allotment. This exposes the company to refinancing risk. Nonetheless, comfort can be drawn from the long residual TSA tenure and the high certainty of cash flows for a power transmission project.

Liquidity position: Strong

MUML's liquidity profile is expected to remain strong with a healthy buffer between the cash flows from the project and debt servicing obligations, supported by a satisfactory line availability and timely realisation of payments. Additionally, comfort is derived from the presence of a debt service reserve account (DSRA) equivalent to one quarter of debt servicing. Apart from the DSRA, the company will maintain an additional one quarter of debt servicing as liquidity. As on March 25, 2025, the company had free cash and bank balances of Rs. 196.83 crore and a DSRA balance of Rs 103.57 crore.

Rating sensitivities

Positive factors – NA

Negative factors – Pressure on the rating could arise if lower-than-targeted line availability, higher expenses or increase in the company's indebtedness result in a deterioration of the cumulative DSCR to less than 1.20 times on a sustained basis. In addition, delays in receiving payments under the pooling mechanism adversely impacting the company's cash flows and liquidity profile may trigger a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power Transmission Policy on withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

MUML is an is an ISTS project covering WRSS-XIX and NERSS-IX spanning across Maharashtra, Gujarat, Assam and Arunachal Pradesh. This is a single project with four sub-packages (A, B, C and D). The project is implemented on a build, own, operate and maintain (BOOM) basis and has a TSA with 14 LTTCs for 35 years. Package A was commissioned in June 2022, Package D in August 2023, Package B in September 2024 and Package C in October 2024. The company is promoted by Sterlite Grid 18 Limited (SGL18; 49% stake) and RL (51% stake). RL holds a 100% stake in SGL18.

Key financial indicators (audited)

	FY2023	FY2024	9M FY2025*
Operating income	22.3	60.6	123.7
PAT	4.5	7.9	-19.3
OPBDIT/OI	94.4%	92.5%	94.2%
PAT/OI	20.1%	13.0%	-15.6%
Total outside liabilities/Tangible net worth (times)	7.2	6.7	7.4
Total debt/OPBDIT (times)	72.7	38.3	16.7
Interest coverage (times)	1.9	1.8	1.1

*Source: Company, ICRA Research; *Provisional financials; 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					
					FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**June 17, 2025**	**June 04, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Existing NCD	Long term	2450.00	[ICRA]AAA (Stable)							
Proposed NCD	Long term	180.00	[ICRA]AAA (Stable)							
Long term - Term loan – Fund-based	Long term	100.00	[ICRA]AAA (Stable); reaffirmed & withdrawn	[ICRA]AAA (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
NCD	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
INE0F6K08063	**Existing NCD**	Dec 16, 2024	8.10%	Sep 30, 2038	2450.00	[ICRA]AAA (Stable)
NA	**Proposed NCD**	NA	-	-	180.00	[ICRA]AAA (Stable)
NA	**Proposed term loan**	NA	-	-	100.00	[ICRA]AAA (Stable); reaffirmed & withdrawn

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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