June 18, 2026

JSW Renew Energy (Kar) Limited: [ICRA]A (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	4,103.44	[ICRA]A (Stable); assigned
Long-term – Non fund based – Bank guarantee	25.00	[ICRA]A (Stable); assigned
Total	**4,128.44**	

**Instrument details are provided in Annexure II*

Rationale

The assigned rating for JSW Renew Energy (Kar) Limited (JSWREKL) factors in its strong parentage, being a subsidiary of JSW Energy Limited {JSWEL; rated [ICRA]AA (Stable)/[ICRA]A1+}, which is the ultimate holding company (holdco) of the energy business of the Group. 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. The Group has a diversified power portfolio of ~32.1 GW, with an operational capacity of ~13.5 GW, under-construction capacity of ~14 GW and the remaining ~4.6 GW in the pipeline as on March 31, 2026. The operational ~13.5-GW capacity includes ~5.7 GW of thermal capacity and ~7.8 GW of renewable energy capacity. JSWREKL's credit profile is expected to benefit from the financial, operational and managerial support from its strong parent.

The rating also factors in the presence of a long-term (25 years) power purchase agreement (PPA) with JSW Steel Limited {JSWSL; rated [ICRA]AA; placed on rating watch with positive implications/[ICRA]A1+} at a fixed tariff of above Rs. 4.00 per unit for JSWREKL's firm and dispatchable renewable energy (FDRE) project of 280-MW contracted capacity, which includes a 280-MW solar, a 360-MW wind and an 80-MW/320-MWh battery energy storage system (BESS) component. The PPA provides long-term revenue visibility and mitigates the offtake and pricing risks. The project is being implemented under a group captive behind-the-meter structure, with a dedicated transmission line to JSWSL's plant. Further, the PPA stipulates a minimum capacity utilisation factor (CUF) of 55% on a monthly basis and 67% on an annual basis for the contracted capacity.

The rating draws comfort from the presence of a strong counterparty like JSWSL and the payment security mechanism under the PPA, with a provision for a letter of credit equal to average one-month billing. Together, these factors mitigate the counterparty credit risk for the company.

ICRA also notes that JSWREKL has secured project debt at a competitive rate with an elongated repayment tenure, which, along with the tariff competitiveness of the long-term PPA, is expected to result in healthy debt coverage metrics for the company. The cumulative debt service coverage ratio (DSCR) on the external debt is estimated at around 1.3x over the debt tenure. Moreover, the availability of a one-quarter of debt service reserve account (DSRA) to be created within 12 months of commissioning would support the company's liquidity profile.

However, the rating is constrained by the exposure to execution risks as the project under JSWREKL is under construction. As per the PPA, the scheduled commercial operation date (SCOD) is defined as 30 months from the execution of the agreement in February 2025, translating to an SCOD of around August 2027. The company has secured project debt of ~Rs. 4,103 crore at a competitive rate with a long tenure of ~20 years, post COD, including a moratorium period of 12 months. In terms of project progress, over 90% of the required land has been acquired while the construction of the pooling substation (PSS) is underway. The solar module/ wind turbine installation has not yet commenced. Hence, a timely project completion remains important.

The rating is also constrained by stabilisation risks associated with the project, given its FDRE configuration incorporating BESS. The project involves the integration and optimisation of multiple generation sources (solar/wind) along with storage capacity, which increases the operational complexity compared to conventional renewable projects. Post commissioning, the company's cash flows and debt protection metrics would remain sensitive to its generation/operational performance, given the single-part tariff under the PPA. The impact of any variation in generation could be amplified by the geographic concentration of the asset. Any adverse variation in weather conditions and equipment performance can impact the generation levels and, consequently, the cash flow. The demonstration of operating performance in line with or above the appraised levels remains a key credit monitorable for JSWREKL. The company is also exposed to interest rate risks, given the leveraged capital structure emanating from the debt-funded nature of the project and a floating interest rate, subject to regular resets.

The Stable outlook assigned to the long-term rating factors in expectations of timely progress in the completion of the project, given the strong track record of the Group in executing renewable energy projects, along with the support available from the parent to meet the funding requirements.

Key rating drivers and their description

Credit strengths

Experienced and strong sponsor with past track record in implementing renewable energy projects – JSWREKL is a step-down subsidiary of JSWEL, a leading company in the power sector with presence across thermal, hydro and renewable power generation, power transmission and power trading businesses. The RE segment remains JSWEL's focus of growth and JSW Neo Energy Limited {JSWNEL; rated [ICRA]AA-(Stable)/[ICRA]A1+} is the holding company for JSWEL's RE business. As on March 31, 2026, JSWEL had an operating generation capacity of ~13.5 GW [thermal (42%), hydro (12%) and renewable energy (46%)] and an under-construction capacity of ~14 GW. ICRA draws comfort from JSWNEL's strong operational and financial linkages with JSWREKL and the Group's demonstrated track record in developing and operating renewable energy power projects. As a result, JSWREKL enjoys strong financial flexibility from being part of an experienced and resourceful promoter group.

Revenue visibility from long-term PPA at a fixed tariff – The company has entered into a long-term PPA with JSWSL for a tenure of 25 years at a fixed tariff above Rs. 4.00 per unit for its FDRE project. The long tenure of the PPA provides revenue visibility and limits demand and tariff-related risks. Additionally, the debt tenure of commercial operation date (COD) plus ~20 years (including a one-year moratorium) is aligned with the project's cash flows, supporting financial stability.

Low counterparty risk due to presence of a strong offtaker – The presence of a strong counterparty JSWSL, which is one of the market leaders in the steel industry, provides comfort. Given the healthy credit risk profile of the offtaker, the counterparty risk remains low. Also, the PPA has been signed for the entire capacity at a competitive tariff, which is at a significant discount to the grid tariff, thereby mitigating the offtake risk.

Healthy debt coverage metrics – The project's financial risk profile is supported by expectations of healthy debt coverage metrics, post commissioning, with a cumulative DSCR of above 1.3x over the debt tenure, aided by a reasonable PPA tariff, a long debt repayment period and competitive interest rates. Notwithstanding this, the capital structure will remain leveraged in the near term owing to the debt-funded nature of the project.

Credit challenges

Project exposed to execution risks – The company remains exposed to project execution risks as it is in under construction. As of March 2026, the company had incurred less than ~10% of the total project cost, indicating an early stage of execution. Notwithstanding this, land acquisition (leased land) and right of way (RoW) approval for the project has been largely completed, with over 90% of the land acquired. Further, orders for solar modules/wind turbines have been placed with the required PSS currently under construction. Going forward, a timely completion of the land acquisition, construction work and evacuation infrastructure within the budgeted costs would remain a key monitorable. However, the risk is mitigated by the strong track record of the Group in developing renewable power projects.

Sensitivity of debt metrics to operational performance and interest rate fluctuations – The project capacity is concentrated at a single location in Karnataka, which exposes it to site-specific risks, including variability in solar irradiance and wind density. Given the single-part tariff in the PPA, any adverse variation in generation and BESS performance impacts the company's cash flows and debt servicing metrics. Additionally, the project remains exposed to interest rate risk, given the variable interest rate structure under the financing arrangement. Any upward movement in interest rates would adversely impact the debt servicing metrics.

Liquidity position: Adequate

The company's liquidity is expected to remain adequate, supported by the timely infusion of equity by the promoters/group captive customer as well as the tie-up of 100% debt for funding the project cost. The debt is expected to be drawn down over the coming months based on the project's progress. Further, the company has adequate timeline buffer as the principal repayment will start from FY2029, whereas the project is expected to achieve commissioning by August 2027. Also, a debt service reserve (DSR) of one quarter will be created within 12 months of the project's commissioning.

Rating sensitivities

Positive factors – A timely commissioning of the project without any cost overruns, along with stabilisation of the plant performance leading to a satisfactory operating performance in line with the appraised level, could result in an upgrade. The rating also remains sensitive to the credit profile of its ultimate parent, JSWEL.

Negative factors – The rating could be downgraded in case of delays in project commissioning, resulting in time or cost overruns and impacting the company's debt coverage metrics. The rating may also be affected if the operating performance is lower than the appraised levels post commissioning, or if delays in payments from the offtaker impact its liquidity position. Further, any weakening of linkages with the parent or a deterioration in the parent's credit profile will be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	ICRA expects JSWREKL's parent, JSWEL to be willing to extend financial support to JSWREKL, should there be a need, given the strategic importance that JSWREKL has for JSWEL, and out of its need to protect its reputation from distress in a Group entity. Such support is expected to be routed through the immediate holding company, JSWNEL.
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

JSW Renew Energy (Kar) Limited (JSWREKL) was incorporated in May 2021 as a special purpose vehicle (SPV) of the JSW Group. The company is developing an FDRE project of 280-MW contracted capacity in Karnataka, comprising 360-MW wind capacity, 280-MW (409.3 MWp) ground-mounted solar capacity, and an 80 MW/320 MWh BESS. JSWREKL has entered into a power purchase agreement (PPA) with JSW Steel Limited (the Procurer) for a tenure of 25 years from the commercial operation date under the group captive structure, at a tariff of above Rs. 4.00 per unit.

Key financial indicators (audited)- Not meaningful as project is currently under construction

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	June 18, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	4,103.44	[ICRA]A (Stable)	-	-	-	-	-	-
Non-fund based – Bank guarantee	Long term	25.00	[ICRA]A (Stable)	-	-	-	-	-	

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.
($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	**Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)**	SEBI
2	**Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs**	SEBI
3	**Independent Credit Evaluation (ICE)**	RBI
4	**Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)**	RBI
5	**Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))**	SEBI
6	**Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))**	MCA
7	**Credit Rating of Borrowing programme**	(@)
8	**Issuer Ratings**	(#)
9	**Monitoring Agency**	SEBI
10	**Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)**	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: 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 FSRs other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	Simple
Long term – Non-fund based – Bank guarantee	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 II: 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**	FY2026	-	FY2048	4,103.44	[ICRA]A (Stable)
NA	**Long-term – Non-fund based – Bank guarantee**	NA	NA	NA	25.00	[ICRA]A (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis- Not Applicable

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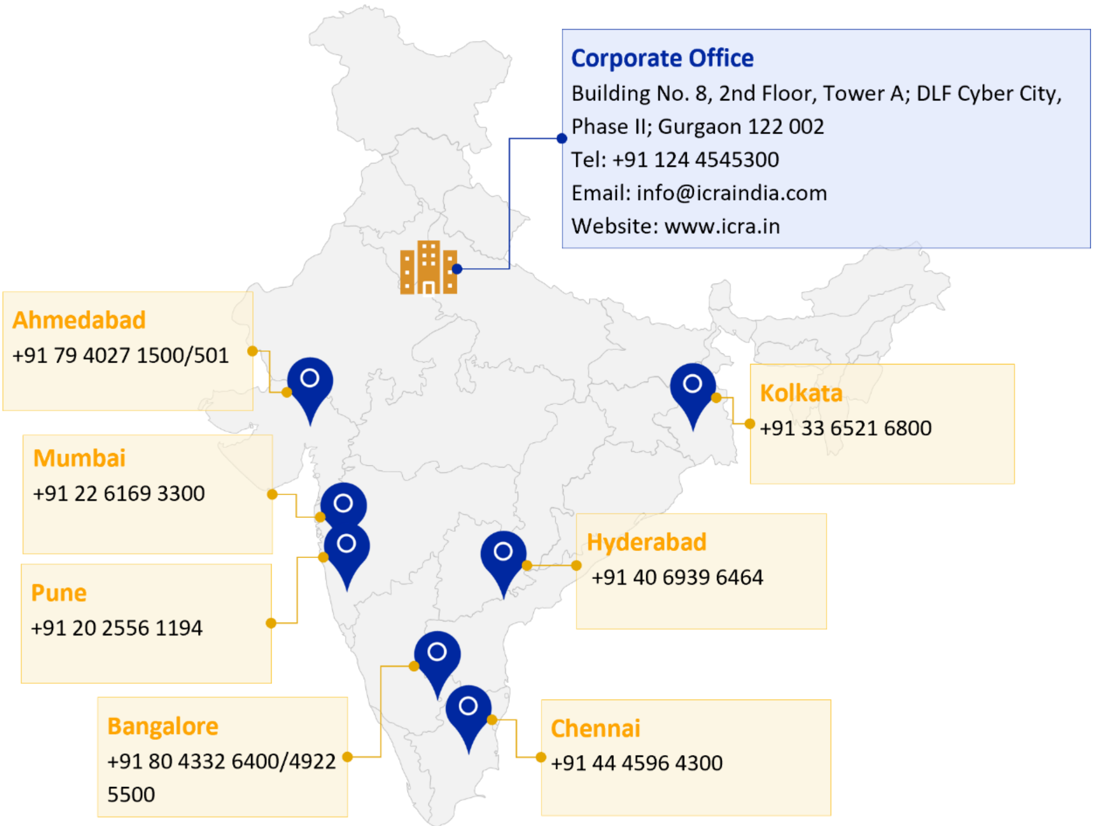

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