August 6, 2026

JSW Mahanadi Power Company Limited: Ratings reaffirmed for existing limits; assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term - Fund based - Term loan	12,475.50	11,914.0	[ICRA]AA- (Stable); reaffirmed	RBI
Long term - Fund based - Working capital	1,100.00	400.0	[ICRA]AA- (Stable); reaffirmed	RBI
Long term/Short term - Non-fund based - Bank guarantee	550.50	0.00	-	RBI
Long Term/Short term-Non Fund Based- working capital	0.00	550.0	[ICRA]AA- (Stable)/ [ICRA]A1+; assigned	RBI
Long term/Short term - Non-fund based - Letter of credit	0.00	750.0	[ICRA]AA- (Stable)/ [ICRA]A1+; assigned	RBI
Long term - Proposed - Term loan	0.0	3,099.0	[ICRA]AA- (Stable); reaffirmed and assigned to enhanced amount	RBI
Total	**14,126.00**	**16,713.0**		

**Instrument details are provided in Annexure I*

#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 financial sector regulators other than SEBI.

Rationale

The ratings reaffirmation for JSW Mahanadi Power Company Limited (JMPCL) factors in the presence of a strong parent, JSW Energy Limited (JSWEL; rated [ICRA]AA (Stable)/[ICRA]A1+), which is expected to provide operating and financial support to the company. JSWEL completed the acquisition of a 74% shareholding in JMPCL through the corporate insolvency resolution process (CIRP) in March 2025, as per the resolution plan approved by the National Company Law Tribunal (NCLT). The company was acquired by JSWEL for Rs. 16,084 crore, funded through a debt of Rs. 12,072.5 crore, equity of Rs. 0.05 crore and the balance through quasi-equity infusion. The balance 26% shareholding is held by the erstwhile financial creditors of JMPCL. Further, as part of the approved resolution plan, JSWEL exercised its call option on April 9, 2026, to acquire the remaining 26% stake in JMPCL. The acquisition is currently pending completion of the relevant transaction formalities and disclosures.

The ratings for JMPCL further factor in the revenue visibility for the 1,800-MW thermal power capacity (comprising three units of 600 MW each), supported by the availability of long-term and medium-term power purchase agreements (PPA) for ~90% of the project capacity. The company has tied up PPAs with Uttar Pradesh Power Corporation Limited (UPPCL) for 60% of the capacity which will expire in June 2043, and with Tamil Nadu Power Distribution Corporation Limited (TNPDCL) for 30% of the capacity, set to expire in November 2028. An additional 5% of the capacity is earmarked for Chhattisgarh, while the remaining 5% of the capacity is sold in the merchant market.

The ratings also factor in the two-part tariff structure, comprising non-escalable and escalable capacity and energy charges under the PPAs with UPPCL and TNPDCL, with the capacity charges linked to plant availability. The company has limited fuel availability risks as it has fuel supply agreements (FSAs) for 8.1 million tonnes per annum (MTPA) of coal with various subsidiaries of Coal India Limited (CIL). In the past year, JMPCL procured close to 85% of the contracted quantity under the FSAs. This coal supply should be sufficient to operate the 1,800-MW plant at around 80% PLF.

The efficiency measures undertaken by JSW to improve the PLF level and reduce operating costs shored up the company's profitability in FY2026. The profitability, however, is expected to moderate during FY2027-FY2029 owing to the reduction in tariff under the PPAs with UPPCL, in line with the quoted tariff structure. However, the cash flows would remain comfortable for the debt servicing obligations. The profitability, thereafter, would remain linked with the tariff achieved for the 30% capacity, wherein the PPA with TNPDCL is expiring in November 2028. ICRA expects the project's cumulative debt service coverage ratio (DSCR) to remain over 1.3x over the debt tenure, supported by the debt availed at a cost-competitive rate after the takeover, the long tenure of the debt and the improved visibility on new PPAs for thermal assets.

Also, the company's liquidity profile is expected to be aided by the satisfactory collection efficiency from the offtakers, the availability of unutilised working capital limits and the expected support from JSWEL in case of cash flow mismatches. The company also built the required one-quarter debt service reserve account (DSRA; principal + interest) in FY2026 from the operational cash flows, further supporting its liquidity position.

The ratings are, however, constrained by the entity's exposure to the discoms of Uttar Pradesh and Tamil Nadu, which have modest credit profiles. This risk is mitigated to an extent by the satisfactory collections recorded since the implementation of the Late Payment Surcharges (LPS) rules in 2022. ICRA also notes that the company has received a favourable order from the Central Electricity Regulatory Commission (CERC) for the additional cost arising because of the change in law during the operations period. UPPCL has been paying the additional tariff under the change in law. However, TNPDCL has appealed against the order in Appellate Tribunal for Electricity (APTEL). Consequently, a timely resolution of the dispute and the subsequent implementation of the tariff compensation as per the change in law remain important.

The ratings also consider the demand and tariff risks arising from the expiry of the PPA signed with TNPDCL (30% of capacity) in November 2028. The ability of the company to tie up PPA at a remunerative tariff remains a key rating sensitivity. Herein, ICRA notes the improved visibility on new long-term and medium-term PPAs for coal-based power projects amid the healthy electricity demand growth and limited thermal capacity additions.

The JMPCL project is a 3,600-MW thermal power platform consisting of six 600-MW units, of which Units 2, 3 and 4 aggregating to 1,800 MW are operational. The project benefits from the availability of key common infrastructure, including land, water infrastructure, rail connectivity and balance-of-plant (BoP) facilities for all the six units. The company has initiated capex to develop Unit 5 (600 MW), which is already around 35-40% complete due to the availability of BoP and common auxiliary infrastructure. The company aims to achieve the unit's commercial operation date (COD) over the next two years. This capex will be majorly debt funded and JMPCL remains exposed to execution risks pertaining to the same. The power generated from the new unit may initially be sold in the merchant market, with medium-term PPA(s) expected to be pursued subsequently following commissioning.

Further, now, the installation of flue gas desulphurisation (FGD) systems is not applicable for the plant in line with the revised guidelines issued by the Ministry of Environment, Forest and Climate Change (MoEF&CC), resulting in savings in capex for the company against the previous estimates.

The Stable outlook on the long-term rating for JMPCL reflects ICRA's opinion that the company will benefit from the availability of long-term and medium-term PPAs, assured coal supply from linkage sources and improved operating efficiency due to the various steps undertaken by the new management.

Key rating drivers and their description

Credit strengths

Presence of a strong sponsor in the form of JSW Energy Limited – JMPCL is supported by the strong credit profile of the sponsor, which has a large scale of operations and a diversified business profile. As of June 2026, JSWEL had an operating generation capacity of 14.5 GW [thermal (38.9%), hydro (12.3%), and renewable energy (48.8%)] and an under-construction capacity of ~13.6 GW. The Group has a demonstrated track record in developing and operating thermal power projects. JMPCL enjoys strong financial flexibility as it is a part of an experienced and resourceful promoter group.

Revenue visibility from PPAs with a two-part tariff structure for majority of the capacity – JMPCL has long-term and medium-term PPA for ~90% of the operational project capacity of 1,800 MW. It has tied up a PPA with UPPCL for 60% of the capacity that will expire in June 2043 and with TNPDCL for 30% of capacity which will expire in November 2028. An additional 5% of the capacity is earmarked for Chhattisgarh and the remaining 5% is to be sold in the merchant market. The PPAs with UPPCL and TNPDCL have a two-part tariff structure, comprising non-escalable and escalable capacity and energy charges, providing revenue visibility for the company.

Fuel supply agreement for domestic coal mitigates fuel supply risk – JMPCL has limited fuel availability risks as it has an FSA for 8.1 MTPA of domestic coal with various subsidiaries of CIL. In the past year, JMPCL procured close to 85% of the contracted quantity under the FSA. The total coal supply of 8.1 MTPA should be sufficient to operate the 1,800-MW plant at around 80% PLF compared to the ~78% PLF achieved in FY2026 (~67% in FY2025).

Comfortable debt coverage metrics and liquidity profile, following the takeover – The company's debt coverage is expected to be comfortable with the cumulative DSCR on the external debt estimated to remain above 1.3x over the debt tenure, supported by the availability of PPAs at reasonable tariffs, the long tenure of the project debt and competitive interest rates.

Credit challenges

Counterparty credit risk from exposure to Uttar Pradesh and Tamil Nadu discoms – The company remains exposed to counterparty credit risks due to high exposure to the state discoms of Uttar Pradesh and Tamil Nadu, which have modest credit profiles. However, comfort can be drawn from the satisfactory collections recorded since the implementation of the LPS rules in 2022.

Susceptibility to demand and tariff risks following expiry of TNPDCL PPA in November 2028 – The company remains susceptible to demand and tariff risks for the TNPDCL PPA (30% of capacity), which will expire in November 2028, and the untied capacity of 5%. The ability of the company to tie up PPAs at remunerative tariff remains a key rating sensitivity. Herein, ICRA notes the improved visibility on new long-term and medium-term PPAs for coal-based power projects amid the healthy electricity demand growth and limited thermal capacity additions.

Exposure to execution risks for the capex towards Unit-5 (additional 600-MW capacity) – The company has initiated the development of Unit 5 (600 MW), which is already around 35-40% complete owing to the availability of BoP and a common auxiliary infrastructure. A significant portion of the common infrastructure and auxiliary facilities required for the unit, including cooling towers, ash handling systems, coal handling infrastructure, water systems, foundations and other associated facilities, was developed as part of the original project implementation plan. However, the boiler, turbine and generator (BTG) package is yet to be procured from the OEM. The company aims to achieve the unit's COD over the next two years. The project is proposed to be funded through a mix of debt and equity, which is expected to increase the company's leverage levels until the unit stabilises and starts generating commensurate returns.

The company also remains exposed to execution risks associated with a timely procurement of the BTG package as per the estimated timelines and integration of the unit with the existing operational capacity. Nevertheless, the execution risks are relatively low than those associated with a greenfield project, given the existing availability of common infrastructure and auxiliary facilities. Further, in the absence of a PPA tie-up prior to commissioning, the power generated from the unit is expected to be initially sold in the merchant market, exposing the company to offtake and revenue visibility risks, until medium-term PPAs are secured.

Exposure to interest rate risks – The company's debt coverage metrics remain exposed to the variation in interest rates because of the leveraged capital structure and floating interest rates.

Liquidity position: Adequate

The liquidity profile of JMPCL is adequate, supported by healthy cash flow from operations against debt repayments, available cash balances and undrawn working capital lines. JMPCL's cash balances stood healthy at Rs. 1,060 crore as on March 31, 2026, including a one-quarter DSRA balance of Rs. 340 crore. Further, the company has Rs. 400 crore (Rs. 1,100 crore previously) of fund-based working capital limits, for which, the utilisation has remained low over the last 12 months. Additionally, JSWEL is expected to support the company in case of any cash flow mismatch.

Rating sensitivities

Positive factors - ICRA could upgrade JMPCL's ratings if the company is able to improve its earnings and debt coverage metrics on a sustained basis, supported by an enhanced operating performance and tie-up of new PPAs. Also, the ratings could be upgraded if the credit profile of its ultimate parent, JSWEL, improves.

Negative factors - Pressure on the ratings could emerge in case of any deterioration in the operating performance of the power plant or a build-up of receivables impacting the company's debt coverage metrics and liquidity position. Inability to renew/replace the TNPDCL PPA after its expiry at adequate tariffs and tie-up of PPA(s) for the additional 600 MW under construction could also impact the ratings, if the merchant tariffs are not remunerative. A specific credit metric for downgrade would be the cumulative DSCR falling below 1.25 times on a sustained basis. Also, any weakening of the credit profile of JSWEL, or any change in linkages/support philosophy between the parent and JMPCL would be the negative triggers.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Thermal
Parent/Group support	Parent/Group Company: JSWEL; ICRA expects JSWEL to be willing to extend financial support to the company, if required, given the strategic importance and the willingness shown by the parent to support the companies in the Group
Consolidation/Standalone	The ratings are based on the standalone financials of the company

About the company

JSW Mahanadi Power Company Limited (JMPCL; the company) was incorporated in 2009 by the KSK Group. The company has a coal-based thermal power plant with a total available capacity of 3,600 MW (6 x 600 MW) spread across 2,132 acres. Of the 3,600-MW capacity, the current operational capacity is 1,800 MW (3 x 600 MW), while the BoP and infrastructure aere in place for the rest 1,800-MW capacity. The plant is located at Nariyara village, in the Janjgir-Champa district of Chhattisgarh. In March 2025, the company was acquired by JSW Energy Limited (JSWEL) under the NCLT/CIRP process. JSWEL holds 74% of the equity, while the rest 26% is held by the financial creditors (IDBI Trusteeship Services Limited).

Key financial indicators (audited)

JSW Mahanadi Power Company Limited (Standalone)	FY2025	FY2026
Operating income	5532.00	6071.31
PAT	-3550.64	1398.83
OPBDIT/OI	45.5%	53.8%
PAT/OI	-64.2%	23.0%
Total outside liabilities/Tangible net worth (times)*	-7.43	-21.24
Total debt/OPBDIT (times)	6.31	4.70
Interest coverage (times)	0.29	2.22

*Source: Company, ICRA research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Net worth does not include promoter debt*
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 (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Aug 6, 2026	Date	Rating	Date	Rating	Date	Rating
Term loan	Long Term	11,914.0	[ICRA]AA- (Stable)	May 28 2025	[ICRA]AA- (Stable)	-	-	-	-
Working capital	Long Term	400.0	[ICRA]AA- (Stable)	May 28 2025	[ICRA]AA- (Stable)	-	-	-	-
Bank guarantee	Long Term/ Short Term	0.0	-	May 28 2025	[ICRA]AA- (Stable) / [ICRA]A1+	-	-	-	-
Non-fund based-Working capital	Long Term/Short term	550.0	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-	-	-	-	-
Non-fund based - Letter of credit	Long Term / Short Term	750.0	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-	-	-	-	-
Proposed - Term loan	Long term	3,099.0	[ICRA]AA- (Stable)	-	-	-	-	-	-
Cash credit	Long Term	-	-	May-09-25	[ICRA]D; ISSUER NOT COOPERATING; withdrawn	-	-	Mar-20-24	[ICRA]D; ISSUER NOT COOPERATING
Term loan	Long Term	-	-	May-09-25	[ICRA]D; ISSUER NOT COOPERATING; withdrawn	-	-	Mar-20-24	[ICRA]D; ISSUER NOT COOPERATING
Non-fund based facility	short term	-	-	May-09-25	[ICRA]D; ISSUER NOT COOPERATING; withdrawn	-	-	Mar-20-24	[ICRA]D; ISSUER NOT COOPERATING

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Aug 6, 2026	Date	Rating	Date	Rating	Date	Rating
Non fund based	Long term/ Short term	-	-	May-09-25	[ICRA]D; ISSUER NOT COOPERATING/ [ICRA]D; ISSUER NOT COOPERATING; withdrawn	-	-	Mar-20-24	[ICRA]D; ISSUER NOT COOPERATING/ [ICRA]D; ISSUER NOT COOPERATING

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	Simple
Long term - Fund based - Working capital	Simple
Long term/Short term – Non-fund based - Working capital	Simple
Long term/Short term - Non-fund based - Letter of credit	Simple
Long term - Proposed - Term 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	Financial sector regulator#
NA	**Long term fund based – Term loan**	March 2025	NA	March 2041	11,914.0	[ICRA]AA- (Stable)	RBI
NA	**Long term - Fund based - Working capital**	NA	NA	NA	400.0	[ICRA]AA- (Stable)	RBI
NA	**Non-fund based - Working capital**	NA	NA	NA	550.0	[ICRA]AA- (Stable)/ [ICRA]A1+	RBI
NA	**Non-fund based - Letter of credit**	NA	NA	NA	750.0	[ICRA]AA- (Stable)/ [ICRA]A1+	RBI
NA	**Proposed - Term loan**	NA	NA	NA	3,099.0	[ICRA]AA- (Stable)	RBI

Source: Company

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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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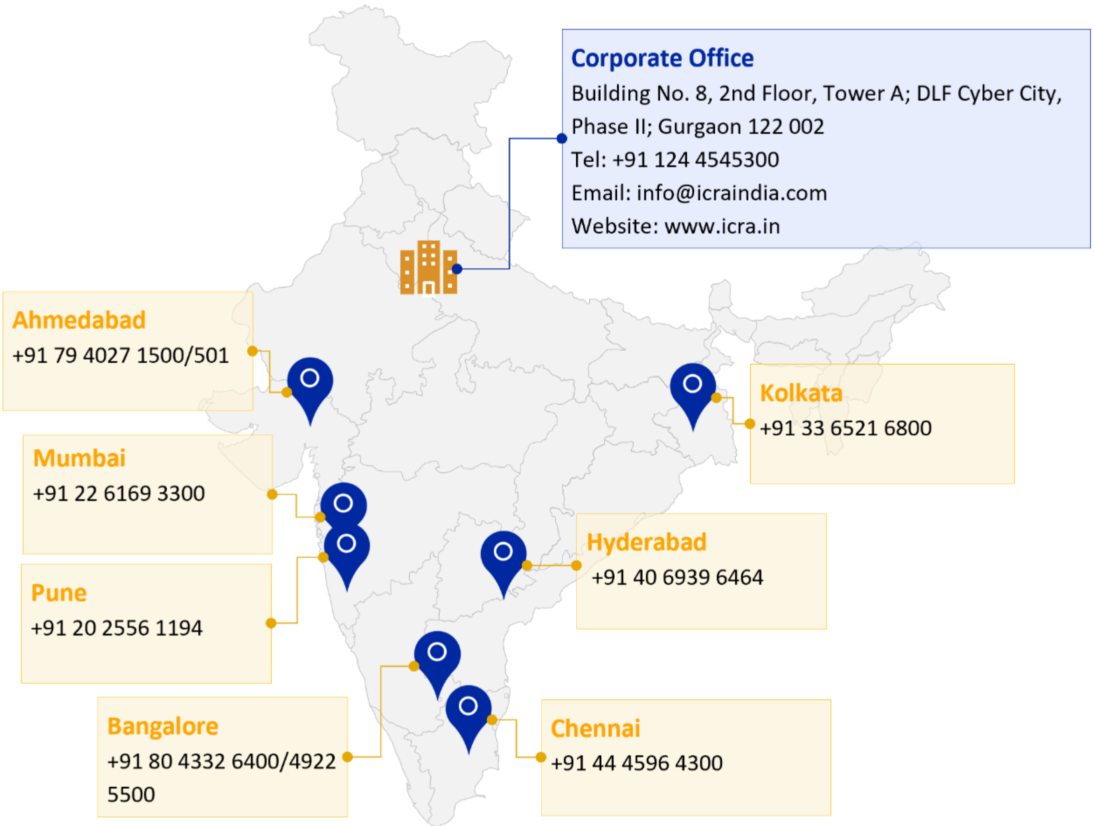

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