

## Jindal Power Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	5,144.00	CARE AA+; Stable	Upgraded from CARE AA; Positive
Short Term Bank Facilities	2,750.00	CARE A1+	Reaffirmed
Long Term Instruments	144.67	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The upgrade in the ratings assigned on the bank facilities of Jindal Power Limited (JPL) which is an independent power producer (IPP) operating a capacity of ~4.3 GW, factors in JPL's strong operational performance as characterised by satisfactory plant load factor (PLF) levels and robust realisations. JPL reported a PLF of 81% in 9M FY25 and 79% in FY24 against 56% in FY23. The higher PLF levels were attributable to plant availability remaining at high levels on a sustained basis and healthy power demand. As a consequence of the high-power demand coupled with JPL's significant exposure to the merchant market, the realisations were elevated at Rs. 5.4 per unit during 9M FY25 and Rs. 5.9 per unit during FY24. Going forward, CARE Ratings Limited (CARE Ratings) does not expect the rates in the open market to remain around the existing levels over an elongated period and has accordingly factored a lower rate for revenue estimation in its base case. Further, the rating continues to be supported by low fuel supply risk as the company is backward integrated as it owns captive mines which fulfil a major portion of company's fuel requirements. JPL has captive mines (Gare Palam IV/1 and Gare Palma IV/2 and 3) and at present these mines fulfil ~70% of the fuel requirements for JPL's largest plant i.e. Tamnar (3.4 GW). Going forward, the management expects a further ramp up in coal production which would make it self-sustainable on the coal procurement front. Furthermore, JPL has won two more captive mines (Gare Palma Sector-1 and Banai & Bhalimunda mine) which will further improve its fuel security. Moreover, given the close proximity of these mines to the Tamnar power plant, the landed cost of coal is extremely cost competitive. The presence of linkage/SHAKTI coal for the capacity tied up via long term/medium term PPAs further supports the ratings.

CARE Ratings also takes a note of the successful turnaround in operations of 600 MW Simhapuri and 300 MW Shirpur power plants acquired through NCLT as evident from their healthy PLFs. The company has recently received LoA (Letter of Award) for Bhadrashwar Vidyut (300 MW thermal power project; located in Gujarat) from NCLT, for an enterprise value of Rs. 465 crores. The ability of the company to demonstrate satisfactory operational performance for assets acquired via NCLT route on a sustained basis shall be a key monitorable. The financial risk profile of JPL continues to remain robust driven by its net debt negative position and healthy liquidity position as on December 31, 2024. The company reported EBITDA of Rs 6,879 crore in FY2024 (Rs 4,323 crore in FY23) and CARE Ratings expects EBITDA to exceed Rs ~8000 crore in FY25. The coverage and leverage indicators remain comfortable for the entity with total debt/EBITDA of 0.8 times in FY24 (1.5 times in FY23). Additionally, the financial position is aided by presence of strong liquidity to the tune of ~Rs. 7,500 crores as on March end. While CARE Ratings expects the company to report negative net debt position over the near term, the management has articulated that the company will always maintain surplus cash reserves of Rs. 2000 crore at any point providing assurance.

The ratings are however constrained by the exposure of the company to merchant risk for 52% of its operational capacity. Moreover for the capacity which has PPAs, a significant proportion of PPAs are expiring over the next 12 months. The ability of the company to renew these PPAs at a remunerative tariff would be a key monitorable. CARE Ratings also notes that, JPL is proposing to implement a thermal power plant in Botswana under its subsidiary. The expected capex on this project is around US\$750 which is proposed to be funded in a debt equity ratio of 70:30. CARE Ratings also factors in the funding commitment given by JPL towards other ventures of the group viz. the renewables business. Going forward, in case there is higher than envisaged support to the other businesses of the group, resulting in deterioration of JPL's liquidity profile, the same would be a credit negative event.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant diversification in the business risk profile through commissioning/acquisition of additional capacity along with securing long term/medium term PPAs, without adversely impacting the capital structure.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Negative factors**

- Deterioration in liquidity position of the company.
- Significant reduction in PLF, tapering of average spread between sales realization and coal cost or higher borrowing cost, thus adversely impacting the profitability.
- Aggressive debt-funded capex, acquisition, investments and/or guarantees extended, leading to moderating gross debt to EBITDA over 1.0x on a sustained basis.

**Analytical approach:** Consolidated

CARE Ratings has considered consolidated approach driven by significant operational and financial linkages between JPL and its subsidiaries. List of entities considered for consolidation under JPL is presented in Annexure 6.

**Outlook:** Stable

Stable rating outlook for bank facilities factors in the strengthening of business risk profile as characterised by strong operating metrics, robust realisations and higher availability of competitively priced coal.

Stable outlook for CRPS issue reflects moderate dividend payment track record.

**Detailed description of key rating drivers:****Key strengths****Limited fuel supply risk, competitive generation cost likely to offset risk of untied capacity**

CARE Ratings estimates JPL's annual coal requirement of about 22 million tonne per annum (MTPA) at 80% PLF for its 4.3 GW capacity. The company acquired Gare Palma IV/1 and Gare Palma IV/2 and 3 via competitive bidding which are located near the 3400 MW Tamnar plant. The landed cost of coal from these captive mines is lower than linkage or e-auction coal, thereby improving the cost competitiveness of the plant. During 9MFY25 both the mines have yielded a combined output of 8.5 MTPA (4.8 MTPA in FY23 and 6.0 MTPA in FY24) leading to lower reliance on linkage or e-auction coal. Further, as per management articulation the annual extraction capacity from the mine is expected to increase of 15.9 MTPA from FY26 onwards, thereby improving the fuel security JPL has won Gare Palma Sector 1 (East) and Banai and Bhalumunda Coal Block in Chhattisgarh which is further expected to improve the fuel security of the company.

The company has linkage coal (including SHAKTI and FSA) of 6.2 MTPA which can meet 31.4% of the domestic coal requirement. Hence on an overall basis the reliance on e-auction coal for domestic plants would be minimal only moving forward (in case of generation at above 80% PLF). The average coal cost per MT has declined from ~Rs 2,850 per MT in FY23 to ~Rs 2,690 per MT in FY24 and further to ~Rs 1,780 per MT in 9M FY25 with increase in share of captive coal in fuel mix. Hence, acting as a significant cost advantage for the company.

**Strong operational performance in 9MFY25; robust performance projected in FY26**

JPL's operational performance of its 4300 MW installed capacity remained robust driven by PLF of 81% during 9MFY25 (FY24: 77%) supported by healthy power demand, strong realization from ST sales and adequate coal availability. Moreover, the company has been able to ramp up production of 600 MW Simhapuri plant and 300 MW Shirpur plant acquired via NCLT in FY2023 and FY2024 respectively.

**Strong financial performance in recent past**

Driven by healthy operational performance, buoyant power demand and high realization in ST sales, the financial performance of the company has been strong as evident from EBITDA of Rs 6,879 crore in FY2024 (Rs 4,323 crore in FY2023) and projected EBITDA of ~Rs 8,000 crore in FY2025 as per management. The company has prepaid term loan of Rs 500 crore in FY2025. Additionally, company achieved a net debt negative position during FY24 Driven by deleveraging and strong cash position, the coverage metrics remain strong. Also. The total debtor outstanding has reduced at ₹1,238 crore as on December 31, 2024 (December 31, 2023: ₹1,540 crore), of which 58% were not due. Its key offtaker, TANGEDCO, opted to clear its outstanding dues till April 2022 in 48 equal instalments and the company received thirty instalments till December 2024.

**Cost competitiveness of the company's power plant and favourable location**

The cost competitiveness of the power projects of the company is high owing to low capital cost for Tamnar plant and low acquisition cost of Simhapuri and Shirpur projects acquired via NCLT route. The debt/MW for Tamnar plant is low at Rs 1 cr/MW

while the acquisitions have been funded by internal accruals. Coal logistic cost for the 3,400 MW capacity, owing to its strategic location, has been competitive in the past. The Simhapuri unit has fair advantage because of its location too. This provides JPL an advantage while bidding for PPAs and selling power on exchange. Low cost of generation results in JPL getting a favourable position in merit order position while supplying to state utilities.

### **Experienced promoter group**

JPL is part of the Naveen Jindal group, which is primarily engaged in steel manufacturing, power generation, and mining of iron ore. It is one of the leading players in the Indian iron and steel industry. The Naveen Jindal group has significant experience in developing and operating thermal power plants and has an aggregate installed capacity of 5,949 MW under Jindal Steel & Power (JSPL; rated CARE AA; Stable/CARE A1+) and JPL.

### **Key weaknesses**

#### **Limited long-term PPAs exposing the company to vagaries of merchant sale**

Lack of adequate power tie-up under long-term PPAs pose a challenge for JPL to achieve optimum capacity utilisation. Of the 4,300 MW, almost 52% (Last review: 56%) of its installed capacity is untied. Also, PPAs with Railways (350 MW) is expiring in September 2025 and PPA with TANGEDCO is expiring in September 2028 exposing the company to PPA renewal risk. The company has been signed MT PPA (2 year) for Shipur at remunerative tariff for 170 MW during the year. The company is exposed to merchant risk associated with untied capacity owing to demand and price risk

#### **Counterparty credit risk**

Through its long-term PPAs, JPL has exposure to state distribution companies (discoms) of Chhattisgarh, Tamil Nadu, and Kerala. Weak credit profile of its PPA off takers exposes JPL to counter party credit risk as evident from delays in payments in the past. However, total receivables levels have declined post implementation of LPSC scheme in June 2022. The key offtaker of JPL, TANGEDCO has opted to clear outstanding dues till April 2022 in 48 equal instalments. Receipt of LC from discoms also adds comfort to recoverability. Timely receipt of this money on an ongoing basis shall remain a key monitorable.

#### **Capex implementation risk**

JPL is planning to incur capex on FGD, the newly acquired Bhadreshwar Vidyut plant and captive coal mines without further reliance on debt. The company is also setting up a green field power project in Botswana for around US\$750 million. This is expected to be funded in Debt-Equity ratio of 2:1. Although gross cash accrual is projected at comfortable level, there is execution risk in greenfield expansion in a new geography and an element of uncertainty on recovery of FGD capex through tariff due to the high untied capacity.

Also, company has plans to acquire power plants under the NCLT/IBC route. The management is hopeful of a quick turnaround like its previous acquisitions. In case the bid is successful, there will be significant cash outlay for JPL and some moderation in its net debt level and hence shall be a monitorable going forward.

#### **Increase in group company exposure**

The company has demonstrated strong financial performance in the recent past. The internal accruals have been partly extended to fund the capacity expansion plans of the group in renewables, port and cement businesses. Company plans to extend ~Rs. 4,000 crore to group entities (out of which Rs. 2,000 crore have already been extended during FY25). Significant exposure to group companies beyond the current envisaged levels shall be a key rating monitorable.

#### **Liquidity: Strong**

The company's liquidity profile remains strong, driven by healthy realisation on a short-term basis and lower cost of generation along with significant receipt of dues from its offtakers including TANGEDCO. As on March end, company has cash and cash equivalents of ~₹7,500 crore. Additionally, the sanctioned fund-based working capital limits of ₹750 crore remains under-utilised.

#### **Applicable criteria**

[Consolidation & Combined Approach](#)

[Policy on Default Recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Rating of Short Term Instruments](#)

[Thermal Power](#)

[Infrastructure Sector Ratings](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

JPL, incorporated in January 1995, is 100% subsidiary of Ambitious Asset Private Limited (AAPL). AAPL is a private company owned by the promoter group, which manages and holds investments across listed and unlisted companies. The company operates as an Independent Power Producer (IPP) with an installed capacity of 4,300 MW as on March 31, 2024. It has constructed this capacity in four phases, with the first two phases of total 1,000 MW capacity (4X250 MW) commissioned in September 2008, while the third (2X600 MW) was commissioned in March 2014 and the fourth (2x600 MW) was commissioned in December 2016. Its power plants are in proximity to coal blocks in the Tamnar, district Raigarh, Chhattisgarh. During FY23 and FY24, JPL has also acquired 600 MW (Simhapuri) and 300 MW (Shirpur) respectively through NCLT/IBC route.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	10,724	15,421
PBILDT	4,323	6,879
PAT	1,243	5,132
Overall gearing (times)	1.3	0.4
Interest coverage (times)	5.2	7.8

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	750.00	CARE AA+; Stable
Fund-based - LT-Term Loan		-	-	30-09-2033	4394.00	CARE AA+; Stable
Non-fund-based - ST-BG/LC		-	-	-	2750.00	CARE A1+
Preference Shares-Cumulative Redeemable Preference Shares	NA	01-Jan-2022	5.00	31-03-2041	144.67	CARE BBB+; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	4394.00	CARE AA+; Stable	-	1)CARE AA; Positive (02-Apr-24)	1)CARE AA; Stable (20-Jun-23)	1)CARE A+; Stable (06-Oct-22) 2)CARE A; Stable (06-Apr-22)
2	Fund-based - LT-Cash Credit	LT	750.00	CARE AA+; Stable	-	1)CARE AA; Positive (02-Apr-24)	1)CARE AA; Stable (20-Jun-23)	1)CARE A+; Stable (06-Oct-22) 2)CARE A; Stable (06-Apr-22)
3	Non-fund-based - ST-BG/LC	ST	2750.00	CARE A1+	-	1)CARE A1+ (02-Apr-24)	1)CARE A1+ (20-Jun-23)	1)CARE A1 (06-Oct-22) 2)CARE A1 (06-Apr-22)
4	Preference Shares-Cumulative Redeemable Preference Shares	LT	144.67	CARE BBB+; Stable	-	1)CARE BBB+; Stable (02-Apr-24)	1)CARE BBB+; Stable (20-Jun-23)	1)CARE BBB+; Stable (06-Oct-22) 2)CARE BBB+; Stable (12-Apr-22)

LT: Long term; ST: Short term;

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Preference Shares-Cumulative Redeemable Preference Shares	Highly Complex

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)

### Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Jindal Hydro Power Ltd.	Full	Subsidiary
2.	Jindal Power Transmission Limited	Full	Subsidiary
3.	Jindal Power Distribution Limited	Full	Subsidiary
4.	Ambitious Power Trading Company Ltd.	Full	Subsidiary
5.	Kamala Hydro Electric Power Company Ltd.	Full	Subsidiary
6.	Etalin Hydro Electric Power Company Ltd.	Full	Subsidiary
7.	Attunli Hydro Electric Power Company Ltd.	Full	Subsidiary
8.	Uttam Infralogix Limited	Full	Wholly Owned Subsidiary
9.	Panther Transfreight Private Limited (Subsidiary of Uttam Infralogix Limited)	Full	Wholly Owned Subsidiary
10.	Kineta Power Limited	Full	Subsidiary
11.	Jindal Realty Limited	Full	Wholly Owned Subsidiary
12.	Jagran Developers Ltd.(Subsidiary of Jindal Realty Limited)	Full	Wholly Owned Subsidiary
13.	Shirpur Power Private Limited	Full	Wholly Owned Subsidiary
14.	JPL Green Limited	Full	Wholly Owned Subsidiary
15.	Jindal Energy (Botswana) Proprietary Limited	Full	Subsidiary
16.	Jindal Resources (Mauritius) Limited	Full	Wholly Owned Subsidiary
17.	Jindal Green Proprietary Limited	Full	Wholly Owned Subsidiary

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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