

O2 Power Private Limited

November 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	405.00	CARE A+; Stable	Assigned
Short Term Bank Facilities	2,395.00 (Enhanced from 2,000.00)	CARE A1+	Reaffirmed
Commercial Paper	300.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned the long-term rating to bank facilities of O2 Power Private Limited (O2PPL) and short-term rating to commercial paper programme and also reaffirmed the short-term rating to the previously outstanding bank facilities. The rating factors in the strong credit profile of the ultimate parent, JSW Energy Limited (JSWEL), and role of O2PPL as engineering, procurement, and construction (EPC) entity for solar power projects of the group. JSWEL has significant capacity addition plans in the renewable segment including solar power plants and O2PPL has order book of ₹4,047 crore, which has to be executed over the next two years. CareEdge Ratings takes into account the presence of corporate guarantee from O2 Power SG Private Limited (O2PSPL), which is a subsidiary of JSW Neo (the renewable energy holdco of JSW Energy Group) for covering the company's entire rated bank facilities for full tenor.

The rating of bank facilities of O2PPL, which is engaged in providing EPC solutions in the solar power sub-segment, continues to derive comfort from the established execution track record of setting up solar power projects and scaling up of operations in recent past leading to higher operating profitability. The company reported revenue of ₹1,909 crore (PY: ₹1,337 crore) with EBITDA of ₹212 crore in FY25 (PY: ₹28 crore). The company has adequate liquidity with cash and bank balance of ₹225 crore as on September 30, 2025.

However, rating strengths are tempered by exposure to execution risk associated with under-construction renewable energy projects and profitability margins being susceptible to volatility in input prices. The rating also factors in the risk associated with the company's plans to take up third-party EPC orders. Going forward, the company's ability to execute underlying orders without material cost or time overrun would be critical from a profitability perspective.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in the scale of operations of the company along with sustained profitability margins
- Improvement in the credit profile of the ultimate parent company i.e. JSWEL

Negative factors

- Significantly reducing order book position.
- Deteriorating financial risk profile as reflected by lower-than-expected profitability margins and increasing operating cycle, adversely impacting liquidity.
- Weakening of the credit profile of ultimate parent company i.e. JSWEL or any adverse change in linkages/support philosophy between JSWEL and O2PPL.

Analytical approach: Standalone plus factoring in support from the ultimate parent i.e. JSWEL

CareEdge Ratings has notched up ratings, factoring operational, financial, and managerial support extended by the promoter JSWEL.

Outlook: Stable

The stable outlook on the rating of O2PPL reflects CareEdge Ratings' opinion that the company would benefit from its strong order book position and commission projects without major cost and/or time overrun while maintaining stable profitability.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong parentage of JSWEL

O2PPL benefits from the robust credit profile of its ultimate parent, JSWEL, which is supported by its large-scale operations and diversified business activities. JSWEL operates across multiple states in the power generation and transmission sectors. As of September 2025, it had an operational generation capacity of 13.2 GW. Additionally, it has ~12.5 GW of under-construction capacity, including 3.4 GW of solar capacity. Per the management, some of these capacities are expected to flow in O2PPL's order book. Its financial flexibility is strengthened by its affiliation with a seasoned and resourceful promoter group.

Strong form of support in form of corporate guarantee

The stated posture towards O2PPL by its parent company, O2PSPL, is strong, as exhibited by the presence of corporate guarantee, covering the company's entire rated bank facility for full tenor. There has been timely infusion of equity of ₹25 crore and ₹12 crore in FY24 and FY25, respectively. The commercial paper shall be utilised for working capital purpose as articulated by the management.

Healthy order book with adequate revenue visibility in next two years

O2PPL is currently undertaking procurement and supply of material work for solar power projects of the group. It has a project pipeline over 2.1 GW (order value of ~₹4,047 crore), majority of which is expected to be executed in the next two financial years. This provides revenue visibility in the near-to-medium term.

Key weaknesses

Execution risk involved in large-scale renewable energy projects

The company is exposed to execution risk pertaining to under-construction renewable power projects. The company is able to source its payments primarily through debt tie ups at the special purpose vehicle (SPV) level (its customers). In case of slippages in project execution or delay in funding tie-ups, overall liquidity can get adversely impacted. However, CareEdge Ratings notes that support from the group in the form of advances/equity infusion has been forthcoming in case of funding mismatches.

Leveraged financial profile

O2PPL's capital structure remains leveraged as reflected by overall gearing of 5.3x as on March 31, 2025, which is expected to stay elevated due to large working capital requirement for order execution. Resultantly, the parent company, O2PSPL, will be required to support the entity through corporate guarantee to avail working capital limits.

Liquidity: Adequate

As on September 30, 2025, the company had free cash and bank balance of ₹224.85 crore. Going forward, support from O2 group entities is expected to be forthcoming in case of funding mismatches. Corporate guarantee extended by O2PSPL for the rated facility provides comfort from a credit perspective.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Notching by Factoring Linkages in Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Other electrical equipment

Incorporated on November 18, 2019, O2PPL is the EPC arm for O2 platform, which has now been acquired by JSWEL. O2PPL is the wholly owned subsidiary of O2PSPL, whose management is experienced, and has an established track record in the renewable sector in India.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	H1 FY26 (UA)
Total operating income	1,338	1,909	1,064
PBILDT	29	212	153
PAT	16	123	-
Overall gearing (times)	3.1	5.3	-
Interest coverage (times)	1.9	2.9	2.3

A: Audited UA: Unaudited; 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
Commercial Paper- Commercial Paper (Standalone)	Proposed	-	-	-	300.00	CARE A1+
Fund-based - ST-Working Capital Limits		-	-	-	120.00	CARE A1+
Non-fund-based - LT-Working Capital Limits		-	-	-	405.00	CARE A+; Stable
Non-fund-based - ST-Letter of credit		-	-	-	2275.00	CARE A1+

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	Non-fund-based - ST-Letter of credit	ST	2275.00	CARE A1+	1)CARE A1+ (24-Jul-25)	1)CARE A2+ (RWP) (28-Mar-25) 2)CARE A2+ (RWP) (07-Jan-25) 3)CARE A2+ (03-Sep-24) 4)CARE A2+ (04-Jul-24)	-	-
2	Fund-based - ST-Working Capital Limits	ST	120.00	CARE A1+	1)CARE A1+ (24-Jul-25)	1)CARE A2+ (RWP) (28-Mar-25) 2)CARE A2+ (RWP) (07-Jan-25) 3)CARE A2+ (03-Sep-24)	-	-
3	Commercial Paper-Commercial Paper (Standalone)	ST	300.00	CARE A1+				
4	Non-fund-based - LT-Working Capital Limits	LT	405.00	CARE A+; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/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	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Fund-based - ST-Working Capital Limits	Simple
3	Non-fund-based - LT-Working Capital Limits	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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

Contact us

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