

O2 Power Private Limited

June 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	25.00 (Reduced from 405.00)	CARE A+; Stable	Reaffirmed
Short Term Bank Facilities	3,375.00 (Enhanced from 2,395.00)	CARE A1+	Reaffirmed
Commercial Paper	300.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

The reaffirmation in the ratings of O2 Power Private Limited (O2PPL), which is the engineering, procurement, and construction (EPC) arm for solar power projects of the JSW Energy Limited (JSWEL) Group factors in its strong business linkages with the JSWEL Group with the entire revenue of O2PPL being derived from JSWEL Group entities. The rating also draws comfort from the strong credit profile of the group. JSWEL has significant capacity addition plans in the renewable segment as evident from its under-construction capacity of ~11 GW as of FY26 end, which augurs well for O2PPL as EPC contracts are expected to be routed through O2PPL. The company has a sizeable order book of 843 MW as on May 2026 end, comprising orders from JSWEL Group entities. CARE Ratings Limited (CareEdge Ratings) notes that, for the outstanding bank facilities of O2PPL, JSWEL Group has extended either a full tenure corporate guarantee (CG) through O2 Power SG Private Limited (O2PSPL), which is a wholly owned subsidiary of JSW Neo (the renewable energy holding company of JSWEL), or provided a letter of comfort (LoC) from JSW Neo, indicating the strong stated posture of the JSWEL Group towards O2PPL.

The rating continues to derive comfort from the established track record of O2PPL for carrying EPC of solar projects and its strong financial profile. While the company's revenue declined from ₹1,909 crore in FY25 to ₹1,439 crore in FY26, profitability margins have improved as reflected by earnings before interest, taxation, depreciation, and amortisation (EBITDA) of ₹242 crore in FY26 (PY: ₹212 crore).

However, the rating strengths are tempered by exposure to execution risk associated with under-construction renewable energy projects and profitability margins susceptible to volatility in input prices including the prices of solar modules. Ratings also factor in the risk associated with the company's plans to take up third-party EPC orders, although current order book primarily comprises in-house projects of JSW Energy. 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 and sustained profitability margins.
- Improvement in the credit profile of the ultimate parent company, JSWEL.

Negative factors

- Weakening of the credit profile of ultimate parent company, JSWEL, or adverse change in linkages/support philosophy between JSWEL and O2PPL.
- Deterioration in financial risk profile as reflected by lower-than-expected profitability margins and increase in operating cycle, adversely impacting liquidity profile.

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

Analytical approach: Standalone plus factoring in support from the ultimate parent, 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 order book position and commission projects without major cost and/or time overrun while maintaining stable profitability.

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 March 2026, it had an operational generation capacity of 13.5 GW. It also has ~14 GW of under-construction capacity, including 3.5 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 and/or letter of comfort

The stated posture towards O2PPL by its parent company, O2PSPL, and ultimate holding company, JSW Neo Energy (wholly owned subsidiary of JSW Energy) is strong, as exhibited by the presence of corporate guarantee and/or letter of comfort, covering the company's entire rated bank facility for full tenor. There has been timely infusion of equity of ₹12 crore and ₹4 crore in FY25 and FY26, respectively. The commercial paper shall be utilised for working capital purpose as articulated by the management.

Healthy order book with adequate revenue visibility

O2PPL is currently undertaking procurement and supply of material work for the group's solar power projects. It has a project pipeline of 843 MW, which is expected to be executed in the near term. As articulated by the management, more orders are expected to flow in from the group's holding company.

Key weaknesses

Execution risk involved in large-scale renewable energy projects

The company is exposed to execution risk pertaining to under-construction solar 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 3.2x as on March 31, 2026, which is expected to stay elevated due to large working capital requirement owing to nature of the business. The parent company, O2PSPL, has supported the entity through corporate guarantee to avail working capital limits.

Liquidity: Adequate

The liquidity of the company is adequate, as reflected by free cash and bank balance of ₹123.72 crore, as on March 31, 2026. Going forward, JSW Energy is expected to be forthcoming in case of funding mismatches. Corporate guarantee/LoC extended by O2PSPL/JSW Neo for the rated bank 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 of JSW Energy group. O2PPL is the wholly owned subsidiary of O2PSPL and has an established track record in the renewable sector in India.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	1909	1439
PBILDT*	212	242
Profit after tax (PAT)	123	95
Overall gearing (x)	5.3	3.2
Interest coverage (x)	2.9	2.0

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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		-	-	-	645.00	CARE A1+
Non-fund-based - LT-Working Capital Limits		-	-	-	25.00	CARE A+; Stable
Non-fund-based - ST-Letter of credit		-	-	-	2730.00	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 2026-2027	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
1	Non-fund-based - ST-Letter of credit	ST	2730.00	CARE A1+	-	1)CARE A1+ (13-Nov-25) 2)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	645.00	CARE A1+	-	1)CARE A1+ (13-Nov-25) 2)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+	-	1)CARE A1+ (13-Nov-25)	-	-
4	Non-fund-based - LT-Working Capital Limits	LT	25.00	CARE A+; Stable	-	1)CARE A+; Stable (13-Nov-25)	-	-

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](#)

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (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 Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	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.

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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.

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