India Ratings Reassigns and Upgrades Jhajjar Power's NCDs to 'IND AA+'/Stable; Affirms CP at 'IND A1+'; Off Rating Watch with Developing Implications

Apr 16, 2026 | Jhajjar Power Ltd | Power Generation

India Ratings and Research (Ind-Ra) has taken the following rating actions on Jhajjar Power Ltd's (JHPL) debt instruments:

Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating Assigned along with Watch/Outlook	Rating Action
Non-convertible debentures*	-	-	-	INR2,380	IND AA+/Stable	Reassigned and upgraded; off Rating Watch
Bank loan facilities^	-	-	-	INR34,053.10	IND AA+/Stable	Upgraded; off Rating Watch
Commercial paper@	-	-	-	INR8,000	IND A1+	Affirmed; off Rating Watch

*Reassigned to 'IND AA'/Stable from 'IND AA(CE)' and upgraded to 'IND AA+'/Stable; ISIN details in Annexure

^Upgraded to 'IND AA+'/Stable from 'IND AA'

@ Sublimit of the working capital facility and unutilised

Analytical Approach

Given the change in the ownership of JHPL to Jindal Power Limited (JPL; debt rated at 'IND AA+'/Stable) from Apraava Energy Private Limited (AEPL; 'IND AA+'/Stable), Ind-Ra has revised its rating approach for JHPL. The agency has applied the top-down rating approach under its Parent and Subsidiary Rating Linkage criteria to arrive at the ratings, given the strong operational and strategic linkages between JHPL and JPL.

Detailed Rationale of the Rating Action

The rating upgrade reflects JPL's successful acquisition of AEPL's stake in JHPL through Jindal Jhajjar Power Limited (JJPL), and the strong operational and strategic linkages between JHPL and JPL. JJPL has become the holding company of JHPL that houses a 1,320 MW thermal power plant. The acquisition was executed at an enterprise value of INR38.9 billion as on 27 March 2026, when the asset had an existing debt of INR9.7 billion and around INR6 billion cash (including INR3.5 billion earmarked towards debt service reserve). The total equity consideration for the transaction, excluding debt outstanding, was INR29.2 billion, which JPL funded in a 50:50 D:E ratio. JJPL raised INR14.5 billion term debt for the acquisition, while the balance was arranged through equity from JPL. The management envisages to raise INR5.5 billion of NCDs to replace JPL's equity infusion in JJPL, leading to a total expected debt of INR20 billion debt at JJPL. Additionally, as per the sanction letter, JHPL will be merged into JJPL within 18 months from the date of acquisition completion, allowing JHPL's cash flows be available for debt servicing at both JPL and JJPL. Ind-Ra also draws comfort from JHPL's continued healthy operational performance, leading to an EBITDA of INR3.8 billion during 9MFY26 (FY25: INR6.2 billion; FY24: INR7.8 billion). The operational performance of the asset remains above the normative level.

List of Key Rating Drivers

Strengths

- Strong linkages with ultimate parent - JPL
- Parent’s comfortable consolidated credit profile
- JHPL’s stable operational performance
- Take-or-pay with fuel cost pass-through offtake arrangement
- Minimal fuel supply risk

Weaknesses

- Credit metrics at standalone level to moderate

Detailed Description of Key Rating Drivers

Strong Linkages with JPL: The ratings factor in JHPL's strong linkages with its ultimate parent, JPL. Post acquisition, JHPL, a 1,320MW thermal power asset, constitutes around 24% of the total operating thermal asset of JPL.

Parent's Comfortable Consolidated Credit Profile: JPL, at the consolidated level, reduced its debt to INR34.8 billion at FYE25 (FYE24: INR52.4 billion), due to the strong EBITDA generation. As a result, the gross interest coverage (EBITDA/gross interest expense) increased to 15.9x in FY25 (FY24: 7x), the gross leverage (including corporate guarantee) reduced to 0.43x (0.5x), and the net leverage (net debt/EBITDA) fell to negative 0.58x (negative 0.09x). Ind-Ra expects the credit metrics to remain comfortable in the near term, despite the additional debt of INR20 billion at the JJPL level for acquiring JHPL and the existing INR9.7 billion debt, largely because of the robust operations, reduced existing debt, and a healthy cash balance of INR74.4 billion as on 13 April 2026. Furthermore, because of the ongoing capex in Botswana and acquisition plans, there could be an increase in JPL's gross leverage in the medium term; however, the additional debt would be backed by power purchase agreements (PPAs), providing comfort. A higher-than-Ind-Ra-envisaged debt-funded acquisition without a commensurate cash flow certainty through PPAs could be a credit negative.

JHPL's Stable Operational Performance: JHPL has maintained a strong operational track record, achieving a plant availability factor above normative levels since FY15 (FY26: 86.3%; FY25: 92%), ensuring full fixed cost recovery. This performance is supported by a reliable coal supply under a fuel supply agreement (FSA) with Coal India Ltd and its subsidiaries (around 5.2MTPA) and adequate plant stock, with contingency use of imported coal during shortages. The plant load factor decreased to 62% during FY26 (FY25: 74%; FY24: 71%), because of plant overhauling. Ind-Ra estimates that the operating performance will remain healthy over the medium term, complemented by additional revenue streams such as flue gas desulphurisation claims (around INR0.6 billion annually) and fly ash sales (around INR1 billion annually).

Take-or-Pay with Fuel Cost Pass-through Offtake Arrangement: The project benefits from a tariff division into fixed capacity charges and energy charges, with a full cost pass-through in fuel cost at an agreed net heat rate. Capacity charges are based on PAF. The project recovers 100% of the capacity charges at a normative availability, providing immunity to variable production costs (except the caps specified on station heat rate and auxiliary consumption), largely reducing its revenue risk.

Minimal Fuel Supply Risk: JHPL has a long-term FSA with Central Coalfields Limited. In 2013, Coal India partially shifted the linkage to its coal subsidiaries, mainly to increase coal materialisation under the linkage to JHPL. Post this, JHPL entered FSAs with Central Coalfields (for an annual contracted quantity of 3.048 million tonnes (mt)), Northern Coalfields Ltd (1.12mt), and Bharat Coking Coal Ltd (0.889mt). The presence of a full coal linkage for running the plant at a plant load factor of 70%-75% minimises the project's fuel-supply risk Any increase in the landed cost of coal should not impact the financials, as the same will be a pass-through, as per the PPA terms and conditions. JHPL does not rely on imported coal to recover full capacity charges and only uses domestic coal for power generation, resulting in lower variable costs and improved merit order status.

Credit Metrics at Standalone Level to Moderate: JHPL's gross standalone debt at end-March 2026 was INR9.55 billion (FY25: INR12.64 billion). JJPL have raised INR14.5 billion of acquisition term debt and may raise another INR5.5 billion in the near term through NCDs. The term loan has a tenor of 11.25 years. JHPL's consolidated gross leverage is likely to increase because of the acquisition debt. Furthermore, the management expects to repay NCDs of INR2.38 billion out of the existing cash balance, further reducing the leverage on JHPL and JJPL combined. The total debt at JJPL and JHPL is backed by contracted cash flows from PPA till FY38 and a continued strong operating performance at JHPL level.

Liquidity

Adequate: According to the management, JHPL had cash of INR6 billion (INR3.5 billion is earmarked towards DSR) as on 31 March 2026. Additionally, the availability of a DSR equivalent to two quarters of debt servicing in the form of fixed deposits is a positive for the project. The company have debt repayments of INR3.6 billion in FY27. The company's proven ability to raise short-term funds through CPs (and roll over the same) within the overall working capital limits of INR7,750 million sanctioned by lenders, coupled with the availability of unutilised working capital limit (nil utilisation as on 31 March 2026), strengthens the project's liquidity profile.

Rating Sensitivities

Positive: An improvement in JPL's credit ratings of the parent could lead to a positive rating action

Negative: Any weakening of the linkages between JJPL and JPL and/or deterioration in JPL's credit profile could lead to a negative rating action.

Disclosures for CE Rating

1) UNSUPPORTED RATING

Ind-Ra has upgraded the unsupported rating to 'IND AA+' from 'IND AA' with a Stable Outlook while resolving the Rating Watch with Developing Implications**.**

As per Ind-Ra's policy, in the case of listed or proposed to be listed debt securities, an unsupported rating is to be disclosed in cases where there is a presence of a specified support considerations, even though the instruments do not carry a CE suffix rating. The unsupported rating has been arrived at without factoring in the explicit credit enhancement (CE). It helps in understanding the extent of CE factored into the instrument rating.

The analytical approach, detailed description of key rating drivers, liquidity, and rating sensitivity for the unsupported rating are the same as that for the NCD rating.

2) NCD FINANCIAL COVENANTS

All senior debt instruments of JHPL have following common financial covenants:
- debt service coverage ratio of 1.2x
- fixed-asset coverage ratio of 1.25:1
- debt-to-equity ratio of 65.34:34.66

3) Adequacy of Credit Enhancement (CE): JJPL has provided a corporate guarantee for JHPL's NCDs. Since Ind-Ra's has taken a top-down rating approach, it has not been factored as an explicit CE, and hence, the CE suffix has not been added to the rating of NCDs.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on JHPL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

JHPL maintains and operates a 1,320MW (2 X 660MW) coal-fired supercritical technology-based thermal power plant in Jhajjar, Haryana. Both the units commenced full commercial operations on 29 July 2012. The rights to build, own, and operate the power plant was awarded in FY09 to the CLP group at a levelised tariff of INR2.996/kWh in a competitive bid (Case 2) conducted by Haryana offtakers for the supply of power for 25 years. JPL acquired this asset from CLP group in March 2026. JHPL have become a 100% step-down subsidiary of JPL.

Key Financial Indicators

Particulars (INR million) - Standalone	9MFY26	FY25	FY24
Revenue from operations	26,507.26	39,858.0	40,962.3
EBITDA	3,821	6,296	7,846

EBITDA margin (%)	14.4	18	21
Interest coverage (x)	4.9	5.39	5.76
Gross debt/ EBITDA (x)	-	1.68	1.45
Cash and cash equivalents	4,016.63	4,944.0	4,475.5
Source: JHPL; Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (million)	Current Rating	17 October 2025	13 February 2025	14 February 2024	07 June 2023
Non-convertible debentures	Long-term	INR2,380.00	IND AA+/Stable	IND AA(CE)/Rating Watch with Developing Implications	IND AA(CE)/Stable	IND AA(CE)/Stable	IND AA(CE)/Stable
Non-convertible debenture	Long-term	INR800	-	-	WD	IND AA/Stable	IND AA-/Stable
Non-convertible debenture	Long-term	INR1,000	-	-	-	WD	IND AA+ (CE)/Stable
Bank loan facilities	Long-term	INR34,053.10	IND AA+/Stable	IND AA/Rating Watch with Developing Implications	IND AA/Stable	IND AA/Stable	IND AA-/Stable
Commercial paper	Short-term	INR8,000.00*	IND A1+	IND A1+/Rating Watch with Developing Implications	IND A1+	IND A1+	IND A1+
Unsupported rating	Long-term	-	IND AA+/Stable	IND AA/Rating Watch with Developing Implications	IND AA/Stable	IND AA/Stable	IND AA-/Stable

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Instrument Type	Date of Issuance	ISIN	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCDs	9 April 2015	INE165K07027	9.99	30 April 2026	INR2,380	IND AA+/Stable
Total					INR2,380	
Source: JHPL						

List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating Activity

Sr. No.	Instrument / activity Name	Regulator of the instrument
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 and 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	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

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

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.

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

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies @	NA

@ permitted by SEBI vide SEBI Master Circular for CRAs.

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

Contact

Primary Analyst
Sidharth Aggarwal
Senior Analyst
India Ratings and Research Pvt Ltd
DLF Epitome, Level 16, Building No. 5, Tower B DLF Cyber City, Gurugram Haryana - 122002
+91 12 46687294
For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst
Paras Pal
Senior Analyst
+91 12 46687241

Media Relation
Ameya Bodkhe
Marketing Manager
+91 22 40356121

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Policy for Credit Enhanced (CE) Ratings

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

Policy for Placing Ratings on Rating Watch

The Rating Process

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