



**Press Release**  
**MB POWER (MADHYA PRADESH) LIMITED**  
**June 04, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2000.00	ACUITE AA-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	2000.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

ACUITE has reaffirmed its long-term rating of '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs.2000 Crore bank facilities of MB Power (Madhya Pradesh) Limited (MBPL). The outlook is '**Stable**'.

**Rationale for reaffirmation:**

The rating reaffirmation takes into account the established track record of MBPL, its healthy operational performance with low off-take risk supported by long- and medium-term PPAs (power purchase agreements) with the state discoms of Madhya Pradesh and Uttar Pradesh, and fuel supply arrangements (FSA) with South Eastern Coalfields, mitigating the supply risks. Furthermore, the company has received LOA from Assam Power Distribution Company Limited for the supply of 52 MW of power from FY 2025-26 for the first three years and an additional 78 MW (totaling 130 MW) from FY 2028-29 onwards for 25 years.

It also considers a high plant availability of approximately 89 percent during FY 2025 and a PLF ranging between 78-79 percent during the same period, which is supported by efficient O&M practices, the geographical advantage of being located near a coal belt area with a dedicated railway siding inside the plant connecting with the national railway network, the availability of adequate water supply for the functioning of the power plant, and a dedicated transmission line connecting with the national grid. Furthermore, the rating is supported by a healthy financial risk profile, efficient working capital management, and a strong liquidity position supported by nominally utilized working capital limits, healthy liquid investments, and maintenance of the DSRA reserve in the form of fixed deposit equivalent to a two-quarters repayment obligation.

However, the rating remains constrained by a moderate counterparty risk profile and exposure to merchant markets to the extent of untied capacity.

**About the Company**

Incorporated in 2008, Madhya Pradesh-based MB Power (Madhya Pradesh) Limited (MBPL) is a subsidiary of Hindustan Thermal Projects Limited (HTPL), which in turn, is a subsidiary of Hindustan Power Projects Private Limited (HPPL) – the flagship entity of the Hindustan Power group. MBPL has set up a 1,250-MW (2 x 625 MW) coal-based sub-critical thermal power plant in the Anuppur district of Madhya Pradesh, of which 600 MW (Unit-I) became operational in May 2015. The synchronization of Unit II was completed in March 2016. The management team of the company comprises senior professionals with more than two decades of experience in the power sector. The company is managed by Mrs. Jasmeen Kaur, Mr. Hemant Sahai, Mrs. Seema Joshi, Mr. Basanta Kumar Mishra, Mr. Rajarangamani Gopalan, and Mr. Edward Michael Bourgoïn.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of MB Power (Madhya Pradesh) Limited to arrive at the rating.

## Key Rating Drivers

### Strengths

- **Low off take risk supported by long term PPA**

MBPL has entered into a long-term PPA with the discoms of Madhya Pradesh, Uttar Pradesh, and Haryana. Out of a total capacity of 1,250 MW, the company has PPA tie-ups with MP discoms for 420 MW, UP discoms for 383 MW, and Haryana discoms for 155 MW. However, the PPA with Haryana discoms will end in July 2025. Additionally, MBPL has a PPA with Assam discoms for 52 MW for the first three years and a further 78 MW (totaling 130 MW) from FY 2028-29 onwards for 25 years. The remaining capacity is untied and sold in exchange at market-determined prices. Out of the total capacity of 1,250 MW, around 75 percent is tied up with long-term PPAs. PPAs with MP discoms have a fuel cost pass-through mechanism that helps the company mitigate the risk related to variations in coal prices. The company has also entered into a long-term open access agreement with the Power Grid Corporation of India (PGCIL) and is well connected with dedicated transmission lines that are connected to the National Grid. Power supply to off-takers (UP, MP, and Haryana) is done through the National Grid. Acuité believes that the presence of strong management, assured off-take, long-term PPAs, and low counterparty receivable risk is expected to support the business risk profile over the medium term.

- **Stable operating performance**

The company has reported steady growth in revenue of around 2.80 percent in FY2024, which stood at Rs. 4,021.17 Cr. as against Rs. 3,911.63 Cr. in FY2023. Furthermore, the 9MFY2025 revenue stood at Rs. 3,243.71 Cr. The EBTIDA margin stood at 30.64 percent in FY2024 as against 29.77 percent in FY2023. The plant has consistently maintained an average annual plant availability factor of ~90% in FY2024, which has ensured the recovery of capacity charges under PPAs. The PLF for FY 2025 was 78% since the company has synchronized the FGD unit with the main plant and during that period there was no generation and hence the PLF was slightly lower than the last year i.e., 80 percent in FY2024. Given the adequate fuel tie-up, the plant was able to achieve a higher-than-normative PAF and sustain a high PLF over the medium term. Acuité believes that due to the presence of long-term PPAs and a stable track record of PLF, operating performance will remain stable over the medium term.

- **Healthy financial risk profile**

The company's financial risk profile is healthy, marked by a healthy net worth, moderate gearing and debt protection metrics. The net worth of the company stood at Rs.2,432.47 Cr. and Rs.2,160.27 Cr. as on March 31, 2024, and 2023, respectively. The improvement in net worth is due to the accretion of reserves. Gearing of the company stood at 1.54 times on March 31, 2024, against 2.20 times as on March 31, 2023. Debt protection metrics—interest coverage ratio and debt service coverage ratio—stood at 2.48 times and 1.30 times as on March 31, 2024, respectively, as against 2.10 times and 1.23 times as on March 31, 2023, respectively. TOL/TNW (Total outside liabilities/Total net worth) stood at 2.13 times and 2.66 times as on March 31, 2024, and 2023, respectively. The debt to EBITDA of the company stood at 2.80 times as on March 31, 2024, as against 3.87 times as on March 31, 2023. The improvement is on account of prepayment of debt. Acuité believes that the financial risk profile of the company will continue to remain healthy over the medium term.

- **Efficient Working capital operations**

MBPL's working capital operations are efficient, marked by gross current asset (GCA) of 104 days in FY2024, as against 134 days in FY2023. The improvement in GCA days is due to improved inventory days in FY2024. The GCA days also include high cash and bank balances. Inventory days stood at 40 days in FY2024 as against 64 days in FY2023. Debtor days stood at 21 days in FY2024 as against 49 days in FY2023. The improvement in debtor days can be attributed to a significant increase in the financial health of discoms, which allows them to make earlier payments and take rebates. Acuité believes that the company's operations will continue to remain efficient over the medium term.

### Weaknesses

- **Moderate counterparty credit profile**

Madhya Pradesh and Uttar Pradesh discoms are major off-takers of the company. The financial risk profile of these companies is moderate; however, the company has been receiving payments in a timely manner. Exchange sales are realized within 2 to 3 days. Going forward, any significant deterioration in the credit risk profile of the off-takers, leading to an impact on the liquidity position and financial risk profile of the

company, shall remain a key monitorable.

- **Exposure to merchant markets to the extent of untied capacity**

MBPL was able to sell power at a relatively higher rate in merchant markets with an average price realisation of Rs.6.58/unit during FY2025. However, company has untied capacity of almost 20-25 percent of its total capacity which remains exposed to volatility in price fluctuations in the merchant markets. Going ahead, the ability of the company to continue to tap in the short term markets with healthy price realizations remains key rating monitorable.

**Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the “CE” suffix)**

MBPL maintains a Debt Service Reserve Account (DSRA) for six months’ worth repayment obligation (Repayment plus Interest) .

**Stress case Scenario**

Acuite believes that, given the presence of DSRA mechanism MBPL will be able to service its debt on time, even in a stress scenario.

**ESG Factors Relevant for Rating**

Acuite Has considered material ESG factors in its credit rating of MB power ( Madhya Pradesh) limited. The environmental risks remain moderately high due to the company's reliance on coal based power generation, which is inherently carbon- intensive. However, the company's compliance with environmental regulations- including norms related to emissions, ash disposal, and water usage- provides partial mitigation. Further, in compliance of MOEF requirements, the company has successfully installed the Fuel Gas Desulfurization Technology (FGD project) to reduce the harmful emission (with respect to SOx and NOx levels) etc.

On the social front, MB power has maintained adequate health and safety and has undertaken community engagement initiatives in surrounding area. Labour practices remain stable, with no major disruptions reported. Governance risk is low, supported by experienced management, transparent financial disclosures, and adherence to statutory compliance requirements . The company's structured debt servicing framework and robust internal controls further enhance governance strength.

**Rating Sensitivities**

- Improvement in credit profile of the off takers
- Significant improvements in financial risk profile leading to higher than envisaged improvement in leverage and coverage ratios
- long-term/medium-term tie-ups at favourable tariffs for the remaining untied capacity
- Deterioration in the operating performance and financial risk profile.
- Any significant delays in receipt of payments from counterparties, thereby impacting the liquidity position of the company.
- Deterioration in PAF and PLF levels

**Liquidity Position**

**Strong**

MBPL's liquidity is strong, marked by strong net cash accruals as against repayment obligations. It generated cash accruals in the range of Rs.686.86 Cr. in FY2024, while its maturing debt obligations were Rs.296.31 Cr. during the same period. Going forward, the company is expected to generate strong net cash accruals against its maturing repayment obligations. Cash and bank balances stood at Rs. 282.04 Cr. as of March 31, 2024. The company has liquid assets in the form of FDRs and mutual fund investments worth Rs. 615.98 Cr. as on March 31st, 2025. In addition, it maintained a margin money and DSRA deposit of Rs. 299 Cr. as on March 31, 2025. Acuite believes that the liquidity position of the company will continue to remain strong, backed by healthy cash accrual generation, liquid investments, and unutilized working capital limits.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	4021.17	3911.63
PAT	Rs. Cr.	276.54	213.09
PAT Margin	(%)	6.88	5.45
Total Debt/Tangible Net Worth	Times	1.54	2.20
PBDIT/Interest	Times	2.48	2.10

**Status of non-cooperation with previous CRA (if applicable)**

Not applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
11 Jun 2024	Proposed Long Term Bank Facility	Long Term	500.00	ACUITE AA-	Stable (Assigned)
	Term Loan	Long Term	484.00	ACUITE AA-	Stable (Assigned)
	Term Loan	Long Term	934.24	ACUITE AA-	Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	81.76	ACUITE AA-	Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Overseas Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE AA-   Stable   Reaffirmed
India Infrastructure Finance Company (UK) Limited	Not avl. / Not appl.	Foreign Currency Term Loan	28 Mar 2014	Not avl. / Not appl.	01 Mar 2028	148.61	Simple	ACUITE AA-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	455.51	Simple	ACUITE AA-   Stable   Reaffirmed
Rural Electrification Corporation Ltd.	Not avl. / Not appl.	Term Loan	26 Dec 2011	Not avl. / Not appl.	31 Mar 2034	458.52	Simple	ACUITE AA-   Stable   Reaffirmed
Indian Infrastructure Finance Company Limited	Not avl. / Not appl.	Term Loan	03 Jul 2023	Not avl. / Not appl.	01 Feb 2034	862.36	Simple	ACUITE AA-   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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