

**Press Release**  
**MB POWER (MADHYA PRADESH) LIMITED**  
**October 31, 2025**  
**Rating Upgraded**



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| Total Withdrawn Quantum (Rs.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

**Rating Rationale**

ACUITE has upgraded its long-term rating to '**ACUITE AA**' (read as **ACUITE double A**) from '**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 upgrade:**

The rating upgrade reflects the company's improvement in operating performance backed by high plant availability of approximately 89 percent during FY 2025 and a PLF ranging between 78-79 percent during the same period. Furthermore, the rating is supported by a healthy financial risk profile with prepayment of debt, 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. The rating also takes note of fully tied-up long-term Power Purchase Agreements (PPAs) for 25 years with state discoms of Madhya Pradesh, Uttar Pradesh, Assam, and Karnataka. These agreements, along with fuel supply arrangements (FSA) with Southeastern Coalfields, significantly mitigate supply risks. Furthermore, the company has received the Letter of Award from Power Company of Karnataka Limited (PKCL) for Long Term Power supply of 284MW from our existing 2X625MW plant for 25 years. This stability in operating performance on account of 100 percent tie up of long term PPA's. However, the rating remains constrained by a moderate counterparty risk profile.

**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. Rajarangamani Gopalan, and Mr. Edward Michael Bourgoin

**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 a long-term PPA with the discoms of Madhya Pradesh, Uttar Pradesh, Assam and Karnataka. The company has fully (100 per cent) tied up with long-term Power Purchase Agreements (PPAs) with MP discoms for 423 MW, UP discoms for 383 MW, Assam discoms for 139 MW and Karnataka discoms for 305 MW. Company has received the Letter of Award from Power Company of Karnataka Limited (PKCL) for Long Term Power supply of MW for 25 years. 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, Assam and Karnataka) is done through the National Grid. Acuite 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.

#### **Improvement in operating performance**

The company has reported growth in revenues in FY2025, which stood at Rs. 4,219.19 Cr. as against Rs. 4,163.12 Cr. in FY2024. The EBTIDA margin stood at 38.40 percent in FY2025 as against 29.48 percent in FY2024. The improvement in the margin is on account of higher average realization rate in exchange market and in decrease in administrative expenses (Claims and allied activities). The plant has consistently maintained an average annual plant availability factor of ~89 per cent in FY2025, which has ensured the recovery of capacity charges under PPAs. The PLF for FY 2025 was 78 per cent since the company synchronized the FGD unit with the main plant and during that period there was no generation and hence the PLF was slightly lower than 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. Acuite 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 remained healthy, marked by a healthy net worth, minimal gearing, and healthy debt protection metrics. The net worth of the company stood at Rs.3019.42 Cr. and Rs.2,432.37 Cr. as on March 31, 2025, and 2024, respectively. The improvement in net worth is due to the accretion of reserves. Gearing (debt-to-equity) of the company stood at 1.14 times on March 31, 2025, against 1.54 times as on March 31, 2024. Debt protection metrics interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at 4.02 times and 1.99 times as on March 31, 2025, respectively, as against 2.48 times and 1.30 times as on March 31, 2024, respectively. TOL/TNW (Total outside liabilities/Total net worth) stood at 1.72 times and 2.13 times as on March 31, 2025, and 2024, respectively. The debt to EBITDA of the company stood at 1.97 times as on March 31, 2025, as against 2.80 times as on March 31, 2024. The improvement is on account of improved EBTIDA and prepayment of debt to the tune of Rs. 911 Cr. in FY2024, Rs. 209 Cr. in FY2025 and Rs. 123 Cr. in Q1FY2026. Acuite believes that the financial risk profile of the company will continue to remain healthy 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.

**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**

- Changes in credit profile of the off takers
- Significant improvements in financial risk profile leading to higher than envisaged improvement in leverage and coverage ratios
- 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 liquidity remained Strong, marked by strong net cash accruals as against repayment obligations. It has generated cash accruals of Rs.1092.77 Cr. in FY2025, while its maturing debt obligations were Rs. 333.07 Cr. during the same period. Going forward, the company is expected to generate strong net cash accruals against its maturing repayment obligations. The current ratio stood at 1.82 times as on March 31, 2025. The company maintains unencumbered cash and bank balances of Rs.665.68 Cr. as on March 31, 2025. The company has liquid assets in the form of FDRs and mutual fund investments worth Rs. 665.96 Cr. as on March 31st, 2025. In addition, it maintained a margin money and DSRA deposit of Rs. 565.34 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. Further, the average bank limit utilization in the last nine months ended April 2025 was " Nil" under Fund Based and at 83 percent for fund-based Interchangeable limits of AXIS and 68 percent for non-fund-based limits. Acuite believes that the liquidity of the company is likely to improve over the medium term.

**Outlook: Stable**

**Other Factors affecting Rating**  
None

## Key Financials

| Particulars                   | Unit    | FY 25 (Actual) | FY 24 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 4219.19        | 4163.12        |
| PAT                           | Rs. Cr. | 585.30         | 276.54         |
| PAT Margin                    | (%)     | 13.87          | 6.64           |
| Total Debt/Tangible Net Worth | Times   | 1.14           | 1.54           |
| PBDIT/Interest                | Times   | 4.02           | 2.48           |

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

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. Acuite'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                   |
|-------------|----------------------------------|-----------|-----------------|----------------------------------|
| 04 Jun 2025 | Cash Credit                      | Long Term | 75.00           | ACUITE AA-   Stable (Reaffirmed) |
|             | Proposed Long Term Bank Facility | Long Term | 455.51          | ACUITE AA-   Stable (Reaffirmed) |
|             | Term Loan                        | Long Term | 458.52          | ACUITE AA-   Stable (Reaffirmed) |
|             | Term Loan                        | Long Term | 862.36          | ACUITE AA-   Stable (Reaffirmed) |
|             | Foreign Currency Term Loan       | Long Term | 148.61          | ACUITE AA-   Stable (Reaffirmed) |
| 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   Upgraded ( from ACUITE AA- ) |
| 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   Upgraded ( from ACUITE AA- ) |
| 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   Upgraded ( from ACUITE AA- ) |
| 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   Upgraded ( from ACUITE AA- ) |
| 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   Upgraded ( from ACUITE AA- ) |

## Contacts

|                                                            |                                                                                                               |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
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### About Acuité Ratings & Research

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