

SJVN Thermal Private Limited

November 17, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	8,520.92	CARE A-; Stable	Upgraded from CARE BBB+; Stable
Long-term / Short-term bank facilities	1,100.00	CARE A-; Stable / CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the long-term rating on bank facilities of SJVN Thermal Private Limited (STPL), which is developing a 1,320-MW thermal power project in Buxar, Bihar, reflects the advanced stage of completion of the project. The company has successfully completed trial run of Unit – 1 (600 MW) in November 2025 with its commercial operations date (COD) expected within the next few days, while its Unit II is at an advanced stage of completion with ~85% physical progress completed as on September 30, 2025. The entity has incurred ₹12,448 crore as on September 30, 2025, against the envisaged cost of ₹13,756 crore. As articulated by the management, the full plant is expected to be commissioned by March 2026, and within the budgeted cost. CARE Ratings Limited (CareEdge Ratings) opines that the execution risk associated with the project stands mitigated to a large extent. Ratings continue to derive comfort from the strong parentage of STPL by virtue of it being a wholly owned subsidiary of SJVN (rated 'CARE AA+; Stable/CARE A1+'). SJVN is a Navratna Central Public Sector Undertaking (CPSU) and has an established track record of developing and operating power projects.

Ratings continue to derive strength from the long-term revenue visibility emanating from the presence of power purchase agreement (PPA) for 85% of the capacity with Bihar discoms, the tariff for which shall be determined on a cost plus basis per Central Electricity Regulatory Commission (CERC) tariff regulations, which is likely to result in stable cash flows. Ratings continue to draw comfort from the presence of long-term fuel supply arrangement (FSA) with Central Coalfields Limited (CCL) for 4.976 MTPA, which is likely to be sufficient for meeting coal requirement at 85% plant load factor (PLF). The fuel cost is pass through in nature, subject to the plant's operating parameters such as station heat, rate and auxiliary consumption are in line with the normative parameters. CareEdge Ratings notes that the delay in execution of the project has resulted in higher project cost than originally envisaged exposing the company to funding risk. However, the same is mitigated to some extent by presence of stand-by credit facility per the existing sanction and bridge financing available with the company, which is likely to be converted into project debt. Timely infusion of equity and tie up for additional debt over and above the sanctioned limits within the stipulated timeframe would remain a critical monitorable. CareEdge Ratings notes that the company may go ahead with brownfield expansion of 800 MW, however, the same is at preliminary stage and has not been factored in current assessment. Any development in the matter would remain a monitorable.

However, ratings are constrained by the residual execution risk associated with the under-construction for Unit-II of the project which is anticipated to be commissioned by March 2026. The company's ability to complete the remaining unit without further delays and to fund further cost escalations in a timely manner remains a key monitorable. Post commissioning, the extent of the capital cost approval by the CERC will also be a critical factor. Additionally, the company's ability to operate the plant in line with the normative parameters would be critical from a credit perspective. The credit profile is also constrained by counterparty credit risk associated with Bihar discoms which have weak credit profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Approval of project cost and determination of final tariff by regulatory body without material disallowance.
- Post implementation, satisfactory performance of the plant, as envisaged with company earning sufficient cash accruals to meet its debt repayment obligations.

Negative factors

- Major disallowance of capital cost by CERC.
- Weaker-than-envisaged debt coverage indicators for the project.
- Deterioration in SJVN's credit profile or change in support stance of SJVN towards STPL.

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

Analytical approach: Standalone plus factoring in parent support of SJVN.

CareEdge Ratings expects SJVN, parent and sponsor of STPL, to extend need-based support, if required, considering its strategic importance to the group.

Outlook: Stable

The stable outlook is considering the expectation of the company to commission both the units without material time and cost overruns over and above projections. The outlook is supported by the satisfactory revenue visibility, given the presence of a long-term PPA and the anticipated steady receipt from its off-takers.

Detailed description of key rating drivers:**Key strengths****Synchronisation and trial run of Unit 1 completed, Unit II at advanced stage of completion**

STPL has achieved synchronisation of Unit I (600 MW) with the National Grid on September 21, 2025. Following which, the company has successfully completed trial run of Unit – 1 completed in November 2025 with COD expected within few days, while Unit II is under advanced stage of completion with ~85% physical progress as on September 30, 2025. The estimated project cost is ₹13,756 crore out of which ₹12,448 crore has been incurred as on September 30, 2025.

Low sales risk due to long-term power off-take arrangement

The company has signed 25-year PPA with Bihar discoms, from COD, for 85% of the proposed capacity of 1320 MW (two units of 660 MW each). The balance capacity will be allocated to other states dynamically by the Ministry of Power. The tariff would be based upon CERC guidelines, which ensures recovery of cost at normative plant availability and fixed return on equity, thus providing stable cash flow. The tariff per CERC norms comprises Capacity Charge and Energy Charge. Capacity Charge is linked to plant availability and comprises return on equity, interest on term loan, depreciation, interest on working capital, and operation and maintenance expenses. Since the capacity charge largely depends on the final capital cost approved by the regulator, the extent of approval of capital cost tariff determination process will be important.

Presence of FSA mitigates fuel supply risks to an extent

STPL's FSA with CCL for 20 years with annual contracted quantity (ACQ) of 4.976 million tonne per annum is estimated to be sufficient to meet the plant's coal requirement at 85% PLF. CareEdge Ratings notes that the actual ACQ materialisation and grade under this linkage is to be seen. The price at which coal will be supplied shall be notified by CIL from time to time. Although the proposed presence of railway siding significantly improves logistics and cost competitiveness, the fairly large distance from the supplying mines may lead to higher energy charge and lower position in merit order. The fuel cost is pass through subject to operational performance in line with normative parameters, mitigating fuel price risk to a large extent.

Project funding risk mitigated by financial closure

STPL achieved financial closure for the project in March 2021. The total project cost is to be funded in debt-equity ratio of 70:30. The company had a sanctioned debt of ₹8,448.46 crore (including standby credit facility [SCF] of ₹1,023.94 crore). However, in FY23, the company swapped its lenders for the favourable structure of the debt with the long tenor and lower lending rate for a revised sanctioned debt of ₹8,520.96 crore (including Standby Credit Facility of ₹1,096.11 crore). The sanctioned term stipulates sponsor support undertaking, which also covers infusion of entire promoter's contribution prior to disbursement of SCF and entirely meet higher-than-envisaged cost overrun, if applicable. CareEdge Ratings notes that the revised project cost will be higher compared to lender appraised project cost, which exposes the company to funding risk for the cost overrun. However, the risk is mitigated to some extent by presence of standby credit facility and bridge loan raised by the company. The company's ability to arrange funds (debt and equity) for cost and time overrun timely remains a key rating monitorable.

Part of a strong promoter with experience in power generation

STPL is a wholly owned subsidiary of SJVN, which is a Navratna Category-I central public sector enterprise (CPSE) under the Ministry of Power, Government of India, and is a joint venture (JV) between Government of India (55.00% holding as on September 30, 2025) and Government of Himachal Pradesh (26.85% holding as on September 30, 2025). Apart from operating its existing hydro/solar/wind power capacity of 2,376 MW, it is also implementing hydroelectric/ solar projects in Uttarakhand, Himachal Pradesh, Gujarat, Uttar Pradesh, and in neighbouring countries of Nepal and Bhutan, a thermal power project in Bihar and a power transmission project in Nepal, which are currently at under-construction stage. SJVN's cash flow has been steady in the past with satisfactory average collection period, tempered by increasing leverage. Given STPL's relative size and potential to provide revenue diversification, complete ownership by parent with strong board representation including the Chairman and the

reputation risk for SJVN associated with distress in subsidiary, CareEdge Ratings expects STPL to benefit from the financial and operational linkages with its parent.

Key weaknesses

Residual execution risk

As on November 05, 2025, Unit 1 has completed its trial run and is set to achieve COD shortly, while Unit II is at advanced stage of completion with ~85% physical progress completed as on September 30, 2025. Unit 2 is expected to be commissioned by March 2026 per management. The company's ability to complete the remaining unit without further delays and to fund cost escalations in a timely manner remains a key monitorable. Post commissioning, the extent of the capital cost approval by the CERC will also be crucial.

Weak credit profile of counterparties, though partly offset by secured payment mechanism

The credit profile of Bihar discoms is weak. The higher level of aggregate transmission and commercial (AT&C) losses and the rising power purchase costs have put a pressure on the financial position of its off-takers. This exposes STPL to counter-party credit risk. However, per the terms of PPA, the beneficiary would be required to establish and maintain a revolving Letter of Credit (LC) equivalent to 105% of the monthly bill under the tripartite agreement with the Reserve Bank of India (RBI).

Liquidity: Adequate

The company is a wholly owned subsidiary of SJVN, a strong parent entity having sufficient cash accruals and cash and liquid investments to meet its project funding requirements. The extent of equity infusion of ₹3,131 crore till September 2025 adds comfort. Of the total revised project cost, ~90% of the expenditure has been incurred providing comfort. Once the plant is operational, the company is expected to generate sufficient cash flows to meet its debt service requirements. Revolving LC required to be opened in favour of STPL as a payment security mechanism will provide comfort in case of delay in receipt of revenue.

Applicable criteria

[Policy on Default Recognition](#)

[Notching by Factoring Linkages in Ratings](#)

[Financial Ratios – Non financial Sector](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Rating of Short Term Instruments](#)

[Infrastructure Sector Ratings](#)

[Project Stage Entities](#)

[Thermal Power](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

The plant was incorporated in 2007 as a special purpose vehicle as Buxar Bijlee Company Private Limited (BBCPL), a subsidiary of Bihar Power Infrastructure Company (BPIC), which was a JV of Bihar State Electricity Board (BSEB; Government of Bihar) and IL&FS Infrastructure Development Corporation Limited. BBCPL was incorporated to set up 1,320-MW super critical thermal power plant (2 units x 660 MW). In July 2013, SJVN took over BBCPL and changed its name to STPL in October 2013. The project cost (including interest in construction [IDC]) is estimated at ₹13,756 crore, which is expected to be funded in a debt: equity ratio of 70:30.

Brief financials of STPL – Not applicable, as it is a project stage entity.

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
Fund-based - LT/ ST-Working Capital Limits		-	-	-	1,100.00	CARE A-; Stable / CARE A2
Term Loan-Long Term		-	-	30/06/2025	8,520.92	CARE A-; Stable

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	Term Loan-Long Term	LT	8520.92	CARE A-; Stable	-	1)CARE BBB+; Stable (09-Sep-24)	1)CARE BBB+; Stable (15-Feb-24) 2)CARE BBB+; Stable (02-Jan-24)	1)CARE BBB+; Stable (03-Oct-22)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	1100.00	CARE A-; Stable / CARE A2				

LT: Long 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	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Term Loan-Long Term	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.

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About us:

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