SJVN Limited

July 13, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	8,886.80	CARE AA+; Stable	Reaffirmed
Short-term bank facilities	RBI	500.00	CARE A1+	Reaffirmed

Rationale and key rating drivers

Reaffirmation of ratings on the long-term and short-term bank facilities of SJVN Limited (SJVN) factors in the satisfactory operational performance of its hydro capacity (~2 GW), of which ~97% is under cost plus tariff structure, ensuring full cost recovery subject to plant availability and other normative performance parameters. The hydro capacity operated above designed energy and actual availability was above the normative annual plant availability factor (NAPAF) for FY26, resulting in substantial incentive income and secondary energy charges, in addition to capacity and energy charges. CARE Ratings Limited (CareEdge Ratings) notes that, SJVN commissioned ~1.1 GW solar capacity between March 2025 and February 2026 along with commissioning of 660 MW (Unit I) of thermal power capacity, leading to growth in scale of operations and diversification of revenue streams. As of June 2026 end, the company has a total operational portfolio of ~4.2 GW, comprising 2-GW hydro, 1.5-GW RE capacity, and 0.66-GW thermal power capacity. CareEdge Ratings takes note of synchronisation of 660 MW (Unit II) thermal power plant on May 08, 2026, with full thermal capacity expected to be commissioned by July 2026 end, mitigating execution risk pertaining to this capacity. The company reported healthy financial performance with revenue of ₹4,538 crore (PY: ₹3,072 crore) and earnings before interest, taxation, depreciation, and amortisation (EBITDA) of ₹3,350 crore (PY: ₹2,221 crore) in FY26 owing to healthy operational performance of hydro power projects and contribution from recently commissioned 1-GW Bikaner project and 660-MW Unit 1 of thermal capacity.

Ratings continue to derive comfort from the low off-take risk owing to the presence of long-term power purchase agreements (PPAs) with multiple state distribution utilities for majority portfolio. The tariff for operational (except for 60-MW Naitwar Mori hydro capacity) and under-construction hydro and thermal power projects is determined on a cost-plus basis per Central Electricity Regulatory Commission (CERC) tariff regulations ensuring post tax return on equity between 15.5% and 16.5%, subject to plant meeting normative performance parameters. The renewable power projects are awarded via competitive bidding with tariff fixed for the tenor of the PPA. The presence of long-term fuel supply agreement (FSA) for 1320-MW thermal power plant and pass through nature of fuel cost subject to normative parameters mitigates fuel availability and price risk. Ratings continue to factor in geographical diversification of the projects of the company across Himachal Pradesh, Nepal, Rajasthan, and Gujarat. Ratings continue to derive strength from majority ownership by the Government of India (GoI, 55% as on March 31, 2026), which provides financial flexibility to the company. CareEdge Ratings notes that the stated posture of GoI towards SJVN is strong as reflected by the presence of a GoI guarantee for borrowings from World Bank for Rampur hydro power project (₹709 crore as of FY26 end).

These strengths are constrained by execution risks, as the company has significant capacity under construction/development. The company intends to operationalise incremental capacity of ~5.4 GW, comprising 0.66 GW thermal, 1.5 GW hydro, and ~3.2 GW RE over the next 3-4 years. The management has indicated an annual capex of ₹7,000 crore to ₹10,000 crore over the next few years, which will yield in a leveraged capital structure over the next few years. While additional debt is expected to be tied up progressively to support this expansion, the equity component is proposed to be met through further securitisation of operational hydro assets, monetisation through promoter stake dilution in key subsidiaries, such as SJVN Green, and utilisation of internal cash accruals. The company's ability to commission its underlying capacities without material time or cost overrun would be a key credit monitorable. Considering the cost-plus nature of the hydro and thermal power projects under construction, approval of project cost by CERC without major disallowance remains critical for recovery of investments made by the company. Operational performance of the renewable energy capacity of the group has been below the P90 PLF estimates owing to assets being in a stabilisation phase and lower resource adequacy. the company's ability to demonstrate generation in line with P90 PLF estimates shall be critical for renewable power projects since revenue is linked to actual generation. The company is exposed to counterparty credit risk considering weak credit profile of state distribution utilities which are the primary PPA off-takers. CareEdge Ratings notes that the company is exposed to refinancing risk as it has availed short-term construction finance, a major portion of which becomes due in September 2027. However, the demonstrated ability of the company to access debt market and presence of long-term PPAs, which provides the necessary revenue visibility is likely to aid refinancing.

[1]SEBI: 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
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely commissioning of under-implementation plants with execution of PPAs at a favourable tariff with off-takers having an acceptable credit profile.

Negative factors

- Dilution in GoI's support philosophy towards SJVN or reduction in GoI shareholding to below 51%.
- Deterioration in operational performance or delay in receipt of dues from counterparties, adversely impacting the liquidity profile of the company.
- Material cost and/or time overrun adversely impacting the debt coverage indicator.

Analytical approach: Consolidated

Ratings factor in SJVN's strategic importance to the GoI and its important role for the Indian power generation sector. Consolidated entities are mentioned in Annexure-6.

Outlook: Stable

The Stable outlook of the company factors in presence of long-term PPAs with cost plus tariff, healthy operational performance in line with design estimates, timely collection from off-takers and steady physical and financial progress in terms of capex in the medium term.

Detailed description of key rating drivers:

Key strengths

Strategic importance for GoI

SJVN is a Navratna Central Public Sector Enterprise (CPSE), jointly owned by the GoI (55%) and the Government of Himachal Pradesh (GoHP, ~27%). The remaining stake is held by public shareholders. A nominee from the Ministry of Power serves on its Board, ensuring close alignment with national energy objectives. The company is expected to remain strategically important for GoI considering the increasing focus on tapping hydro-electric potential, both in north-eastern regions of India and across the border. As a 'Category-I' Navratna CPSE, the company enjoys significant autonomy in taking financial decisions. Backed by strong government ownership and financial strength, the company also benefits from easy access to both domestic and international debt markets. The stated posture of GoI towards SJVN is strong as reflected by the presence of a GoI guarantee for borrowings from World Bank for Rampur project (₹709 crore as of FY26 end).

Stable cash flows considering CERC determined tariffs

Of the total operational hydro capacity of 1,972 MW, 1,912 MW is under the cost-plus structure, where tariff is determined in accordance with CERC Tariff Regulations, which ensures full cost recovery and a fixed return on equity based on approved capital cost, subject to achievement of normative parameters notified by CERC. Historically, the two hydro plants under the portfolio have demonstrated a strong track record of operating above designed energy levels and NAPAF, leading to recovery of fixed cost and enabling them to earn capacity incentives.

Additionally, 1.3-GW thermal power project and ~1-GW hydropower projects have also signed their PPAs on a cost-plus basis, ensuring regulated returns. The approval of capital cost without material disallowance by CERC shall be a key credit monitorable. On the other hand, the operational and under-construction RE capacity has been awarded via competitive bidding with long-term PPAs with fixed tariff.

Technology and geographical diversification

The operational portfolio of 4.2 GW is spread across Himachal Pradesh, Rajasthan, Bihar, Nepal, and Gujarat mitigating asset concentration risk to a large extent. Operational and under construction projects of the company comprise thermal, hydro, and renewable power projects (solar and wind) which limits the dependence on a single technology.

Key weaknesses

Exposure to counterparty credit risk

The company has counterparty credit risk considering exposure to multiple state distribution utilities which have moderate to weak credit risk profile. The risk is mitigated to an extent through the presence of letter of credit (LC) equivalent to one month of billing per PPA, escrow agreement, and a long-term Tri-Partite Agreement between the GoI, Reserve Bank of India (RBI) and the state government, which can be invoked in the event of default by the discom. However, CareEdge Ratings notes that currently, the collection cycle is timely in the recent years post implementation of Late Payment Surcharge Scheme. As of March 2026 end, debtors stood at ~₹2,000 crore, corresponding to Days Sales Outstanding (DSO) of ~160 as at fiscal end against DSO of ~70 as of FY25 end. The year-on-year elongation in receivables is primarily attributable to two factors: (i) a one-time receivable of ₹670 crore arising from the true-up of tariff orders for the Nathpa and Rampur hydro projects; and (ii) receivables from the 660-MW thermal power project, which commenced billing in Q4 FY26 and are expected to be realised in FY27.

Execution and funding risk for under-construction portfolio

The company has ~5.4 GW of projects under construction (expected to be commissioned over the next 3-4 years), comprising 0.66 GW of a thermal power project, ~1.5 GW of hydro power projects, and ~3.2 GW of RE projects. The company has more than 11 GW of projects in pipeline, which are in pre-construction/planning/survey stage. Per the management, the company is projected to incur an annual capex of ₹7,000 crore to ₹10,000 crore over the next three to four years to be funded in debt to equity ratio of 70:30 or 80:20. The company's capital structure is leveraged as evident from overall gearing of 2.3x and total debt/EBITDA of 9.6x, which is expected to remain elevated in the medium term owing to additional debt for commissioning the underlying capacities.

CareEdge Ratings notes the synchronisation of 660 MW Unit II of its 1,320 MW thermal power project at Buxar on May 8, 2026, with commissioning expected by July 2026 end. There's a delay in implementation of 900 MW Arun-3 Power Project, where, the scheduled commercial operations date (SCOD) has been pushed from December 2025 to March 2028 owing to geological challenges. The delay in operationalisation of the project exposes the company to funding risk, in case of increase in project cost. However, the presence of long-term PPA on cost plus basis for entire capacity is a positive. Approval of project cost from CERC without material disallowance shall be critical for recovery of capital cost.

While the company is adequately capitalised to fund the equity requirement of majority its under-construction portfolio of ~5.4 GW, the risk remains pertinent for its plans of execution for the projects under pre-construction. As articulated earlier, the same is expected to be pumped through further securitisation of operational hydro assets, monetisation of promoter stake in SJVN Green Energy Limited and internal cash accruals. Going forward, the company's ability to commission its underlying capacities and achieve timely monetisation of its stake will be a key credit monitorable.

Liquidity: Strong

The company's liquidity profile remains strong, marked by healthy cash and bank balance of ~₹1,900 crore (free) and ₹630 crore (encumbered) as on March 31, 2026, end on consolidated basis. Despite sizeable debt maturities in FY27 leading to elevated refinancing risk, SJVN's strong financial flexibility, deriving from its Navratna CPSE status and majority ownership by GoI mitigates the risk to a substantial extent. Healthy cash accruals, and availability of fund-based working capital limits adds to the liquidity profile of the company.

Environment, social, and governance risks

SJVN's environment, social, and governance (ESG) profile is considered supportive of its overall credit risk profile. The power sector typically carries elevated environmental risk due to emissions, water usage, and waste generation, largely driven by dependence on fossil-fuel-based generation. However, SJVN's operations are primarily concentrated in renewable energy, which limits its exposure to such emissions-intensive activities. The company continues to expand its renewable portfolio and focuses on hydropower, solar, and wind assets, aligning its growth strategy with lower-carbon generation sources.

From a social perspective, power projects can have an impact on local communities through land acquisition, resettlement, and operational safety considerations. SJVN has indicated a continued focus on stakeholder engagement, community development initiatives, and safety practices to mitigate such risks.

Overall, while the sector remains inherently exposed to environmental and social risks, SJVN's renewable-focused portfolio and its stated ESG management practices help moderate these risks, supporting its overall credit profile.

Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Factoring Linkages Government Support](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Thermal Power](#)
[Financial Ratios – Non financial Sector](#)
[Project stage companies](#)
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[Wind Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

Incorporated on May 24, 1988, SJVN Limited is a Navratna CPSE, established as a joint venture between the GoI and the GoHP. It is a publicly listed company with a shareholder composition of 55.00% held by the GoI, 26.85% by the GoHP, and the remaining 18.15% owned by the public as on March 31, 2026. The company had a total operational portfolio of ~4.2 GW comprising ~2 GW of hydro capacity, ~1.5 GW of renewable energy capacity, and 0.7 GW of thermal power capacity.

Brief Financials - SJVN (Consolidated)

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	3072	4528
PBILDT*	2221	3350
Profit after tax (PAT)	831	695
Overall gearing (x)	1.9	2.2
Interest coverage (x)	3.3	2.8

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	Name of the Regulator	Complexity Level	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-Cash Credit	RBI	Simple	-		-	-	100.00	CARE AA+; Stable
Fund-based - LT-External Commercial Borrowings	RBI	Simple	-		-	-	2496.30	CARE AA+; Stable

Fund-based - LT-Term Loan	RBI	Simple	-		-	31-01-2045	5590.50	CARE AA+; Stable
Fund-based - ST-Term loan	RBI	Simple	-		-	01-07-2027	300.00	CARE A1+
Fund-based - ST-Working Capital Limits	RBI	Simple	-		-	-	200.00	CARE A1+
Non-fund-based - LT-Bank Guarantee	RBI	Simple	-		-	-	600.00	CARE AA+; Stable
Non-fund-based - LT-BG/LC	RBI	Simple	-		-	-	100.00	CARE AA+; 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 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	Fund-based - LT-Term Loan	LT	1537.00	CARE AA+; Stable	-	1)CARE AA+; Stable (20-Nov-25)	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)
2	Fund-based - LT-Term Loan	LT	2000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (20-Nov-25)	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)
3	Non-fund-based - LT-Bank Guarantee	LT	600.00	CARE AA+; Stable	-	1)CARE AA+; Stable (20-Nov-25)	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)
4	Fund-based - LT-External Commercial Borrowings	LT	2496.30	CARE AA+; Stable	-	1)CARE AA+; Stable (20-Nov-25)	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)
5	Fund-based - LT-Cash Credit	LT	100.00	CARE AA+; Stable	-	1)CARE AA+; Stable (20-Nov-25)	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)
6	Non-fund-based - LT-BG/LC	LT	100.00	CARE AA+; Stable	-	1)CARE AA+; Stable (20-Nov-25)	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)

7	Fund-based - ST-Working Capital Limits	ST	200.00	CARE A1+	-	1)CARE A1+ (20-Nov-25)	1)CARE A1+ (09-Sep-24)	1)CARE A1+ (21-Aug-23)
8	Fund-based - ST-Term loan	ST	300.00	CARE A1+	-	1)CARE A1+ (20-Nov-25)	1)CARE A1+ (09-Sep-24)	1)CARE A1+ (21-Aug-23)
9	Fund-based - LT-Term Loan	LT	2053.50	CARE AA+; Stable	-	1)CARE AA+; Stable (20-Nov-25)	1)CARE AA+; Stable (09-Sep-24)	-

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - LT-External Commercial Borrowings	Simple
3	Fund-based - LT-Term Loan	Simple
4	Fund-based - ST-Term loan	Simple
5	Fund-based - ST-Working Capital Limits	Simple
6	Non-fund-based - LT-Bank Guarantee	Simple
7	Non-fund-based - LT-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

S.No.	Name of the entity	Extent of Consolidation	Rationale for Consolidation
1.	SJVN Thermal Private Limited	Full	Subsidiary
2.	SJVN Arun III Power Development Company Private Limited	Full	Subsidiary
3.	SJVN Green Energy Limited	Full	Subsidiary
4.	SJVN Lower Arun Power Development Company Private Limited	Full	Subsidiary
5.	SGEL Assam Renewable Energy Limited	Proportionate	Subsidiary
6.	Cross Border Transmission Company Limited	Proportionate	Joint Venture

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:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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