

SJVN Limited

November 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8,886.80	CARE AA+; Stable	Reaffirmed
Short Term Bank Facilities	500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The 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 along with fixed return on equity. The hydro capacity operated above designed energy and normative annual plant availability factor (NAPAF) for FY25, thereby earning incentive income and secondary energy charges in addition to capacity and energy charges. The operational performance of the previously operational renewable energy (RE) capacity of ~500 MW during FY25 has remained in line with the historical trend. Further, CARE Ratings Limited (CareEdge Ratings) notes the incremental commissioning of 600 MW (of 1 GW Bikaner CPSU Project) RE capacity between March 2025 and August 2025. As on date, the company has a total operational portfolio of ~3 GW, comprising 2 GW hydro and 1 GW of RE capacity. CareEdge Ratings notes that the company has synchronised 660 MW (Unit I) of its 1.32 GW thermal power plant at Buxar on November 6, 2025, and the full thermal capacity is expected to be commissioned by fiscal end, thereby mitigating execution risk to a large extent. Going forward, the company intends to operationalise incremental capacity of ~4 GW, consisting of 1.3 GW thermal, 1 GW hydro, and ~2 GW RE, taking the total operational capacity to ~7 GW by FY28 end.

The ratings continue to derive comfort from the low offtake risk owing to the presence of long-term power purchase agreements (PPAs) with multiple central and state distribution utilities for majority of the portfolio. The tariff for hydro (except 60 MW Naitwar Mori HEP) and thermal power projects is determined on cost plus basis as per CERC tariff regulations ensuring post tax return on equity of 16.5% for hydro and 15.5% for thermal subject to normative parameters. The renewable power projects are awarded via competitive bidding with tariff fixed for tenor of PPA. The presence of long-term fuel supply agreement for 1320 MW thermal power plant and pass through nature of fuel cost subject to normative parameters mitigates fuel availability and price risk to some extent. Further, the ratings take into account the robust financial risk profile of the company, marked by healthy profitability margins and strong liquidity profile. The management has indicated plans to undertake an annual capex of Rs. 10,000 to Rs. 12,000 crore over the next few years which is expected to increase the debt levels in the medium term. 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 via an FPO in SJVN, stake sale in SJVN Green and internal cash accruals. Furthermore, the ratings continue to derive strength from majority ownership by the Government of India (GoI, 55% as on September 30, 2025), 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 HEP (Rs. 939 crore as on FY25 end).

Nevertheless, the aforementioned strengths are constrained by execution risks, as the company has significant capacity under construction/development. The ability of the company to commission its underlying capacities without any material time or cost overrun would be a key credit monitorable. Considering cost-plus nature of the hydro and thermal power projects under construction, approval of project cost by Central Electricity Regulatory Commission (CERC) without major disallowance remains critical for recovery of investments made by the company. Furthermore, the company is exposed to counterparty credit risk on account of weak credit profile of state distribution utilities which are the primary PPA offtakers. 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 FY27. However, the demonstrated ability of the company to access debt market and presence of long term PPAs leading to healthy tail period mitigates the risk to a large extent.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

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

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

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

The ratings factor in SJVN's strategic importance to the GoI and its important role for the Indian power generation sector. List of entities getting consolidated is shown 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, which is expected to sustain, reasonable collection efficiency, 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 Government of India (55%) and the Government of Himachal Pradesh (~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 significant for GoI considering the increasing focus on tapping hydro-electric potential, both in north-eastern regions of India as well as across the border. As a 'Category-I' Navratna CPSE, the company enjoys significant autonomy in taking financial decisions. Backed by strong government ownership and a sound financial track record, 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 (Rs. 939 crore as on FY25 end).

Stable cash flows on account of CERC determined tariffs

Of the total operational hydro capacity of 1,972 MW, 1,912 MW is under the cost-plus structure, wherein tariff is determined in accordance with CERC Tariff Regulations, which ensures full cost recovery along with 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, of the under-construction capacity, 1.3 GW thermal power project and ~1 GW hydropower projects have also signed their PPAs on a cost-plus basis, thereby ensuring regulated returns. Nevertheless, the approval of capital cost without material disallowance by CERC shall be a key credit monitorable. On the other hand, the under-construction RE capacity has been tied up in long-term PPAs with fixed tariff.

Robust financial risk profile:

The financial risk profile of the company is characterised by healthy profitability margins and cash accruals, manageable capital structure as well as adequate debt coverage metrics. As on March 2025 end, overall gearing moderated to 1.9x from 1.4x as at FY24 end considering debt funded capex incurred for the underlying capacities. Going forward, leverage is expected to remain elevated considering additional debt for commissioning the underlying capacities.

Key weaknesses

Exposure to counterparty credit risk:

The company has counterparty credit risk on account of exposure to multiple state distribution utilities having modest credit risk profile. Nevertheless, the risk is mitigated to an extent through the presence of letter of credit (LC) equivalent to one month of billing as 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. As on March 2025 end, debtors stood at ~Rs. 554 crore, corresponding to DSO of ~66 as at fiscal end vis-à-vis DSO of ~89 as on FY24 end.

Execution and funding risk for under-construction portfolio:

The company has ~4.2 GW of projects under construction (expected to be commissioned by the end of FY28), comprising ~1 GW of hydro projects, 1.3 GW of thermal projects, and ~2 GW of RE projects. Additionally, the company has more than 25 GW of projects in pipeline, which are in pre-construction/planning/survey stage. The company has projected to incur an annual capex of Rs. 10,000 crore to Rs. 12,000 crore over the next three to four years. The projects under implementation are expected to be financed in a debt-to-equity ratio of 70:30 or 80:20, leading to moderation in leverage metrics.

CareEdge Ratings notes the synchronization of 660 MW Unit I of its 1,320 MW thermal power project at Buxar on November 6, 2025. Another 660 MW Unit II is expected to be commissioned by the end of FY26. Further, there's a delay in implementation of 900 MW Arun-3 Power Project, wherein, the SCOD has been pushed from December 2025 to December 2027. The delay in operationalisation of the project exposes the company to funding risk, in case of increase in project cost. However, the risk is partially mitigated through availability of debt tie up for revised cost of the project and the company's extensive experience in implementing complex power projects.

While the company is adequately capitalised to fund the equity requirement of its immediate under-construction portfolio of ~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 via an FPO in SJVN, stake sale at SJVN Green and internal cash accruals. Going forward, the ability of the company to commission its underlying capacities as well as 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 ~Rs. 2,900 crore (free) and Rs. 1,150 crore (encumbered) as on March 31, 2025, and ~Rs. 3,000 crore as on September 2025 end. 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. Further, healthy cash accruals, and moderate utilisation of fund-based working capital limits (~11% for the months ended May 2025) adds to the liquidity profile of the company.

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](#)

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[Solar Power Projects](#)

[Short Term Instruments](#)

[Wind Power Projects](#)

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power Generation

Satluj Jal Vidyut Nigam Limited, incorporated on May 24, 1988, is Navratna Central Public Sector Enterprise (CPSE), established as a joint venture between the Government of India (GoI) and the Government of Himachal Pradesh (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 of August 2025 end, the company had a total operational portfolio of ~3.0 GW comprising ~2 GW of hydro capacity and ~1 GW of renewable energy capacity.

Brief Financials - SJVN (Consolidated):

Particular	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	2,821	2,567	3,028
PBILDT	2,133	1,781	2,221
PAT	1,363	908	818
Overall gearing (times)	1.0	1.4	1.9
Interest coverage (times)	5.0	3.8	3.3

A: Audited; Note: 'the above results are latest financial results available'

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-Cash Credit		-	-	-	100.00	CARE AA+; Stable
Fund-based - LT-External Commercial Borrowings		-	-	NA	2496.30	CARE AA+; Stable
Fund-based - LT-Term Loan		-	-	2037	2053.50	CARE AA+; Stable
Fund-based - LT-Term Loan		-	-	March 31, 2045	1537.00	CARE AA+; Stable
Fund-based - LT-Term Loan		-	-	September 30, 2037	2000.00	CARE AA+; Stable
Fund-based - ST-Term loan		-	-	7-90 days	300.00	CARE A1+
Fund-based - ST-Working Capital Limits		-	-	-	200.00	CARE A1+

Non-fund-based - LT-Bank Guarantee		-	-	-	600.00	CARE AA+; Stable
Non-fund-based - LT-BG/LC		-	-	-	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 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	Fund-based - LT-Term Loan	LT	1537.00	CARE AA+; Stable	-	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)	1)CARE AA+; Stable (29-Mar-23)
2	Fund-based - LT-Term Loan	LT	2000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)	1)CARE AA+; Stable (29-Mar-23)
3	Non-fund-based - LT-Bank Guarantee	LT	600.00	CARE AA+; Stable	-	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)	1)CARE AA+; Stable (29-Mar-23)
4	Fund-based - LT-External Commercial Borrowings	LT	2496.30	CARE AA+; Stable	-	1)CARE AA+; Stable (09-Sep-24)	1)CARE AA+; Stable (21-Aug-23)	1)CARE AA+; Stable (29-Mar-23)
5	Fund-based - LT-Cash Credit	LT	100.00	CARE AA+; Stable	-	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 (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+ (09-Sep-24)	1)CARE A1+ (21-Aug-23)	-
8	Fund-based - ST-Term loan	ST	300.00	CARE A1+	-	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 (09-Sep-24)	-	-
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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

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	SJVN Green Energy Limited	Full	Subsidiary
2.	SJVN Thermal Private Limited	Full	Subsidiary
3.	SJVN Arun-3 Power Development Company Private 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 Power Transmission Company Limited	Proportionate	Subsidiary

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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