September 04, 2025

Bhartiya Rail Bijlee Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based term loan	5,700.00	4,975.94	[ICRA]AA+ (Stable); reaffirmed
Long term fund based working capital facilities	500.00	420.00	[ICRA]AA+ (Stable); reaffirmed
Short term non-fund based working capital facilities^	(75.00)	(75.00)	[ICRA]A1+; reaffirmed
Total	**6,200.00**	**5395.94**	

**Instrument details are provided in Annexure-1*

^ sub-limit of fund based working capital limit

Rationale

The reaffirmation of the ratings assigned to Bhartiya Rail Bijlee Company Limited (BRBCL) continues to factor in the company's strong parentage, with NTPC Limited (rated [ICRA] AAA/Stable/[ICRA]A1+) holding a 74% stake, resulting in access to operational expertise, managerial capabilities and financial support. Further, the ratings factor in a satisfactory operational track record of the 1,000-MW thermal power project of BRBCL (the company), evident from the higher-than-normative plant availability. The company's plant availability stood at 91.58% in FY2024 and 92.98% in FY2025. Further, the power plant has been able to keep its station heat rate and auxiliary consumption better than the normative level.

The ratings take comfort from the limited offtake and fuel supply risks with the presence of long-term power purchase agreements (LT PPAs) with the Indian Railways (for 90% of the capacity) and Bihar discoms (for 10% of the capacity) and fuel supply agreements (FSAs) with the subsidiaries of Coal India Limited (CIL). The PPAs are based on the cost-plus-tariff principle outlined by the Central Electricity Regulatory Commission (CERC), with pass-through of fixed and fuel costs and a fixed return on equity (RoE), leading to comfortable debt coverage metrics for the company, subject to achieving normative operating performance levels. Herein, comfort is drawn from the approval of capital cost incurred up to March 2019, with minor disallowances (8%).

The ratings remain constrained by the asset concentration risk arising from the company's single-location thermal power plant at Nabinagar, Bihar. Additionally, the pending approval of the balance capital costs by the CERC and the associated uncertainty regarding the final tariff structure continue to pose regulatory risks. The company also faces counterparty credit risk, particularly from the Bihar state discoms, which account for 10% of the plant's capacity. Although this exposure is limited and mitigated through the satisfactory payment track record, the discoms' weak financial profile remains a concern. Nonetheless, timely payments by the Indian Railways (for 90% of project capacity) and Bihar discoms over the past 2-3 years along with a payment security mechanism being in place for the PPAs provide comfort.

The ratings also factor in BRBCL's proposed brownfield capex towards setting up an additional capacity of 660-800 MW at an estimated cost of Rs. 8,000-10,000 crore. The project is currently at the pre-feasibility study stage, with construction expected to commence towards the end of FY2027 or from FY2028, subject to tie-up of PPA under the cost plus tariff norms. The capex is expected to be funded through a debt-equity mix of 70:30. The proposed unit is expected to tie up PPAs with its existing customers, namely the Indian Railways and Bihar discoms, thereby providing visibility on the offtake and revenue generation, post commissioning. Given the nascent stages of the project, the company is exposed to execution and funding risks. However, comfort is drawn from BRBCL being a part of the NTPC group, which has superior project management capabilities.

The Stable outlook reflects ICRA's expectation that BRBCL will be able to maintain plant availability at or above the normative level of 85%, while meeting other normative efficiency parameters, which along with the timely payments from the offtakers, would lead to healthy cash flows for the company.

Key rating drivers and their description

Credit strengths

Strong sponsor profile – The sponsors of the project are NTPC Limited ([ICRA]AAA/Stable/[ICRA]A1+) with a 74% shareholding and the Indian Railways owning the remaining 26% stake. ICRA takes comfort from NTPC's strong financial profile and its demonstrated track record of providing timely support to its subsidiaries. Additionally, BRBCL benefits from the strong executional, operational and managerial capabilities of NTPC, which has a commercial capacity of over 82.6 gigawatt (GW) at present, comprising coal, gas, solar, wind and hydro power generation assets.

Cost-plus PPAs allow normative return on equity, mitigating fuel price risk – The PPAs have been signed on a cost-plus basis, as per the CERC norms, which allow normative return on equity and recovery of fixed capacity charge and energy charge, subject to maintaining costs and operational efficiencies, including plant availability at the normative level.

Healthy performance of all operational units – BRBCL's operational performance has remained healthy. Its plant availability stood at 92.98% in FY2025, 91.58% in FY2024 and 88.88% in FY2023 (higher-than-normative level of 85%), ensuring full recovery of the eligible fixed costs. The company's performance has remained within the operational norms specified by the CERC with respect to the auxiliary consumption as well as station heat rate. Moreover, the operating expense, too, has remained below the normative levels for the company.

Strong debt coverage metrics, driven by approval of the project cost with minimal disallowance - The company's debt coverage metrics remain strong with the cumulative debt service coverage ratio (DSCR) staying above 1.4x, supported by regulatory approval for majority of the capital cost incurred up to March 2019, with only minor disallowances (~8%). This approval validates the bulk of the expenditure incurred during the project development phase, thereby supporting the tariff determination under the cost-plus framework. Consequently, the company benefits from assured recovery of fixed charges and a normative return on equity, translating into predictable and healthy cash flows. This, coupled with the plant's superior operating performance, has led to healthy debt service coverage indicators.

Credit challenges

Significant cost and time overruns; approval of balance capital cost by CERC without any major disallowances remains critical – The project has witnessed significant delays in the past because of issues related to land acquisition, Naxalite disruptions and breakdown of law and order in the region. The delay has resulted in higher land cost and interest during construction, among others. Consequently, the initially approved (in January 2008) project cost of Rs. 5,352.51 crore doubled to Rs. 10,566.33 crore (inclusive of additional scope related to installation of the FGD system). While the CERC has approved the capital cost till March 2019 with minor disallowances wherein most of the time overrun in project commissioning (till Unit 3 commercial operation date) has been adjudged by the regulator to be beyond the control of the developer, the approval for the balance capital cost without any major disallowances remains important.

Exposure to execution and funding risk on account of proposed capex - BRBCL is carrying out a prefeasibility study for the proposed brownfield capex of 660MW/800MW thermal power capacity at its existing location. This project is estimated to entail a capex of Rs. 8,000-10,000 crore. Given the large capex involved, the project would remain exposed to execution and funding risks. Nonetheless, comfort is drawn from the established project execution capabilities of the sponsor, superior financial flexibility and its status as a brownfield capex, thereby limiting the execution risks. In recent years, the capital cost per MW for thermal power projects has been in the range of Rs. 10 crore to Rs. 13 crore, making the cost of generation higher compared to the existing projects. Therefore, timely completion of the project within the allocated budget will be essential to ensure the cost competitiveness of the power to the offtakers.

Exposure to counterparty credit risk, though payments have so far been on time – BRBCL is exposed to counterparty credit risks pertaining to the offtakers, especially the Bihar state discoms, whose credit quality is weak. The risk is largely mitigated as the exposure to these discoms is limited to only 10% of the plant capacity, while 90% of the company's revenues are concentrated towards the Indian Railways and there have not been any delays in receiving the payments, so far. The payment security mechanisms in the PPAs, such as letter of credit (LC) equal to 105% of monthly billing at normative availability, escrow arrangement (only in case of the Bihar discom PPAs) and third-party sale upon default by the procurers, also mitigate the counterparty credit risks. The collection efficiency stood at 99% in FY2025 and 102% in FY2024.

Liquidity position: Adequate

BRBCL's liquidity position is adequate, supported by healthy cash flow from operations and undrawn cash credit limits. As on March 31, 2025, the company had free cash of Rs. 10.6 crore and undrawn cash credit limit of Rs. 407 crore. The company's collection efficiency in the last four fiscals has remained strong, which has supported its liquidity. The company's cash flows are expected to be sufficient to meet its annual debt repayments for FY2026. Also, the funding support from its sponsor should be forthcoming in case of any exigency.

Rating sensitivities

Positive factors - Approval of the pending capital costs without any major disallowances by the regulator, leading to a further improvement in the debt coverage and return indicators, amid sustained healthy operating performance and timely collections from the counterparties would be a key trigger for an upgrade. A timely progress for the proposed capex within the budgeted costs and time would also remain critical for an upgrade.

Negative factors - The ratings could be downgraded in the event of any significant and sustained deterioration in the key operating parameters like plant availability and heat rate, or if the payments from the counterparties are stretched, impacting its liquidity. Any major disallowance in the project cost approval for the pending costs by the CERC, adversely impacting the debt service coverage metrics will also affect the ratings. Also, any delays in capex execution resulting in significant time and cost overruns and impacting the liquidity position can trigger a downward rating revision. Further, any adverse change in the support philosophy/linkages with the sponsor or a weakening in the credit profile of the sponsor will weigh on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Thermal
Parent/Group support	Parent: NTPC Limited The ratings are based on implicit support from the parent. ICRA expects the sponsor to support the company in case of any funding requirements
Consolidation/Standalone	Standalone

About the company

Bhartiya Rail Bijlee Company Limited (BRBCL) is a joint venture between NTPC Limited (74%) and the Ministry of Railways (26%). BRBCL has developed a 1,000-MW (4*250 MW) coal-based thermal power project at Nabinagar, Bihar, to meet the power requirements of the Indian Railways. Unit 1 of the project was commissioned in January 2017, Unit 2 in September

2017, Unit 3 in February 2019 and Unit 4 in December 2021. The budgeted cost of the project is Rs. 10,566 crore. An FSA has been signed for all the units (5 MTPA in total) of the project with Central Coalfields Limited. Long-term PPAs have been signed with the Ministry of Railways (90% of installed capacity) and Bihar State Electricity Board (10%) at a cost-plus tariff based on CERC norms.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	3711.0	3656.0
PAT	517.0	389.0
OPBDITA/OI (%)	38.3%	35.1%
PAT/OI (%)	13.9%	10.6%
Total outside liabilities/Tangible net worth (times)	1.9	1.8
Total debt/OPBDITA (times)	3.3	3.6
Interest coverage (times)	3.6	3.4

Source: Company, ICRA Research;; All ratios as per ICRA's calculations; Amount in Rs. crore 8 lower italics
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				September 04, 2025	Jul 26, 2024	May 26, 2023	-
1	**Fund-based term loan**	Long term	4,975.94	**[ICRA]AA+(Stable)**	**[ICRA]AA+(Stable)**	**[ICRA]AA-(Stable)**	-
2	**Fund-based working capital facilities**	Long term	420.00	**[ICRA]AA+(Stable)**	**[ICRA]AA+(Stable)**	**[ICRA]AA-(Stable)**	-
3	**Non-fund-based working capital facilities^**	Short term	(75.00)	**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**	-
4	**Fund-based unallocated limits**	Long term	-	-	-	**[ICRA]AA-(Stable)**	-

^ sub-limit of fund based working capital limit

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based term loan	Simple
Long term fund based working capital facility	Simple
Short term non-fund based working capital facility	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loan-1**	May-2018	1-month MCLR	September-2034	898.79	[ICRA]AA+ (Stable)
NA	**Term loan-2**	August-2021	3-month MCLR	March-2035	1063.63	[ICRA]AA+ (Stable)
NA	**Term loan-3**	December-2021	3-month MCLR	March-2036	268.75	[ICRA]AA+ (Stable)
NA	**Term loan-4**	January-2023	1 month T bill rate + 155 basis points	January-2038	904	[ICRA]AA+ (Stable)
NA	**Term loan-5**	May-2019	1-month MCLR	September-2034	600	[ICRA]AA+ (Stable)
NA	**Term loan-6**	November-2021	3-month MCLR	March-2035	143.81	[ICRA]AA+ (Stable)
NA	**Term loan-7**	December-2021	3-month MCLR	March-2035	180.556	[ICRA]AA+ (Stable)
NA	**Term loan-8**	February-2022	3-month MCLR	March-2035	735.85	[ICRA]AA+ (Stable)
NA	**Term loan-9**	December-2021	3-month MCLR	March-2035	180.556	[ICRA]AA+ (Stable)
NA	**Working Capital Facilities**		NA		200.00	[ICRA]AA+ (Stable)
NA	**Working Capital Facilities**		NA		200.00	[ICRA]AA+ (Stable)
NA	**Working Capital Facilities**		NA		20.00	[ICRA]AA+ (Stable)
NA	**Interchangeable (Bank guarantee/ Letter of credit)^**		NA		(75.00)	[ICRA]A1+

Source: *Company*
^ sub-limit of fund based working capital limit

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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