November 27, 2025

Patratu Vidyut Utpadan Nigam Limited: Long-term rating reaffirmed; outlook revised to Positive from Stable; short-term rating assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term Non-fund based facilities - Others	237.60	237.60	[ICRA]A- (Positive); Reaffirmed; Outlook revised to Positive from Stable
Long-term Fund-based facilities - Term loans	14,000.00	17,388.51	[ICRA]A- (Positive); Reaffirmed and assigned for enhanced amount; Outlook revised to Positive from Stable
Long-term/short-term- Fund based/Non-fund based limits	-	2,100.00	[ICRA]A- (Positive)/ [ICRA]A2+; Assigned
Long-term-Unallocated limits	762.40	753.89	[ICRA]A- (Positive); Reaffirmed; Outlook revised to Positive from Stable
Total	**15,000.00**	**20,480.00**	

**Instrument details are provided in Annexure-I*

Rationale

The change in outlook to Positive reflects the improved predictability of future cash flows, following the commissioning of Unit 1 (800 MW) on November 5, 2025. This development, coupled with advanced stages of construction progress of Unit 2 and Unit 3, reduces execution risk and represents meaningful progress in project development. The commercial operations for Unit 2 and 3 are expected by March 2026 and November 2026 respectively further supporting cash flow visibility.

The rating reaffirmation continues to factor in strong parentage of NTPC Limited ([ICRA] AAA/Stable, [ICRA]A1+), which holds a 74% stake in the project. The remaining 26% stake is held by Jharkhand Bijli Vitran Nigam Limited (JBVNL), a state government-owned distribution company of Jharkhand. Patratu Vidyut Utpadan Nigam Limited (PVUNL) is setting up a 2,400-MW (3 x 800 MW) coal-based super thermal power project (STPP) at Patratu, Jharkhand.

The ratings factor in the long-term power purchase agreement (PPA) for 25 years from the commercial operations date (COD) for 100% project capacity, mitigating the offtake risk. As per the PPA, JBVNL will be allocated 85% of the project capacity, while the balance 15% will be allocated to the Ministry of Power. The PPA is based on the cost-plus tariff principle at normative norms involving the recovery of fixed capacity charges (comprising allowed return on equity at 15.5%) at 85% plant availability and pass-through of fuel cost at normative operating efficiency level. The ratings are further supported by assured fuel supply from the allocated coal mine for captive purposes and bridge linkage for the supply of coal from Bharat Coking Coal Limited (BCCL) and Eastern Coalfields Limited (ECL). The merit order position of PVUNL is expected to remain comfortable, backed by domestic coal availability and proximity of the coal mine to the power plant.

The unit 1 was commissioned on November 5, 2025, along with completion of critical shared infrastructure, marking a meaningful progress in the project's development and reducing construction risk. The ratings are, however, constrained by the residual execution risks for the balance two units, wherein the project has witnessed continued time overruns. Nevertheless, the execution risk is partially offset by advanced progress of Unit 2 and Unit 3. While there will be some cost overruns, the completed project cost is expected to remain in line with other under construction projects of NTPC Limited. Also, the captive Banhardih coal block is at a nascent stage of development. Comfort is drawn from the availability of tapering bridge linkage from ECL and BCCL, which is now available till June 2026 and is expected to be renewed, after expiry. The ratings factor in the counterparty credit risks arising from the modest financial position of the offtaker, JBVNL, which has a weak financial profile. However, multiple payment security mechanisms such as letter of credit, guarantee from the Government of

Jharkhand (GoJh) on the dues from JBVNL and coverage under the tripartite agreement (TPA) between the GoI, state governments and the Reserve Bank of India (RBI) for the payment of dues by state utilities largely mitigate the risk. Additionally, any disallowance by the CERC in approving the capital cost for the company at the time of the final tariff determination for the project remains a key sensitivity from a credit perspective.

Key rating drivers and their description

Credit strengths

Strong parentage of NTPC Limited - NTPC will infuse equity capital (in the proportion of its ownership, i.e., 74% stake in the project) for the budgeted cost as well cost overruns, if any. Additionally, PVUNL will benefit from the strong executional, operational and managerial capabilities of NTPC, which has an installed capacity of ~84.8 gigawatt (GW) as on November 5, 2025, comprising coal, gas, solar, wind and hydro power generation assets.

Long-term PPA for 100% capacity mitigates offtake risk - PUVNL's entire generation capacity has been contracted under a long-term cost-plus PPA of 25 years, based on the CERC's tariff guidelines. JBVNL will be allocated 85% of the project capacity, while the balance 15% will be allocated to the Ministry of Power. The cost-plus tariff would result in regulated returns, subject to meeting the costs and efficiency parameters within the normative levels, post commissioning. The capex for developing the captive coal mine will also be recovered on cost-plus tariff basis, as per the CERC guidelines, allowing a return on equity of 14%.

Assured fuel supply - The coal block for the project's end use has been transferred to PVUNL, which will develop the coal mine through a mine development operator (MDO) along with the construction of the power plant. The production from the mine is expected to start from FY2027-FY2028 and is likely to attain its peak-rated capacity in seven years. Comfort is drawn from the availability of a tapering bridge linkage from ECL and BCCL, which is now available till June 2026 and is expected to be renewed after expiry, as per requirement.

PVUNL will benefit from the lower landed cost of coal because of the proximity of the allocated coal block to the project site (located less than ~ 100 km). Consequently, the merit order position is expected to remain favourable due to lower variable charges, providing additional safeguards against offtake and demand risks for the project. The variable cost of generation is likely to remain competitive basis availability of domestic coal through bridge linkage, till the production of coal from captive coal block commences.

Comfortable debt coverage metrics basis cost-plus tariff – CERC's regulations allow for full recovery of fixed charges, subject to the project achieving normative plant availability factor of 85%. The repayment for the project loan of Rs. 14,000 crore will be spread over the next 14 years. Given the cost-plus tariff, the project will start accumulating cash from the first year itself, which will additionally benefit the liquidity profile of the company. ICRA expects the debt coverage metrics to remain comfortable with a cumulative DSCR above 1.3 times, for the debt tenor.

Credit challenges

Residual execution risk and risk associated with development of coalmine – The unit 1 was commissioned on November 5, 2025, along with completion of critical shared infrastructure, marking a meaningful progress in the project's development and reducing construction risk. Around 88% of the revised budgeted project cost of ~Rs.20,302 crore has been incurred till September 2025, and Unit 2 is expected to be commissioned by March 2026, followed by Unit 3 in November 2026. Herein, the company's ability to complete the remaining units without further delays and to fund any cost escalations, if any, in a timely manner remains a key monitorable. Post commissioning, the extent of the capital cost approval by the CERC will also be crucial.

Further, the company is required to develop the captive coal mine at Banhardih (located less than 100 km from the plant). The project faces risk of delays in the commencement and ramp-up of mining operations in the allocated coal block, which is currently expected to achieve COD in FY2028 and is likely to reach peak rated capacity in FY2030. The debt sanction for the project has been achieved, and a short-term contract for the mine developer and operator (MDO) has been awarded.

Exposure to counterparty credit risk – Around 85% of the project's power will be supplied to JBVNL, while the remaining 15% will be allocated as per directives from the Ministry of Power. The weak financial profile of JBVNL - reflected in its negative net worth, low-cost coverage, weak coverage indicators, high aggregate technical and commercial loss (AT&C loss) and stretched payable days - exposes PVUNL to counterparty credit risks. However, these risks are mitigated by the multiple payment security mechanisms. The PPA specifies maintaining a letter of credit of 105% of the monthly billing amount by JBVNL. Additionally, the dues from JBVNL are backed by guarantee from the GoJh, which are covered under the tripartite agreement between the GoI, the state governments and the RBI for payment of dues by state utilities.

Liquidity position: Adequate

PVUNL's liquidity position is adequate, backed by a strong parent, NTPC Limited, and the substantial upfront equity from JBVNL (in the form of deemed loan), which should ensure timely equity infusion. Post commissioning, the liquidity position of the company is expected to be adequate, supported by stable cash flow from operations, driven by a long-term PPA, a payment security mechanism and adequate fuel supply arrangements in place. As of September 2025, PVUNL had free cash and equivalents of Rs. 326.45 crore. Additionally, the company has secured a working capital facility of Rs.2,100 crore, further strengthening its liquidity profile.

Rating sensitivities

Positive factors – A significant progress in project development as per the revised timelines and satisfactory operating performance of commissioned units, would be a key factor for a rating upgrade.

Negative factors – The rating could face pressure if there are further delays in commissioning the project, and/or if there are cost overruns (not approved by CERC), resulting in cost under-recovery and consequent weakening of the company's credit and return metrics. Further, any weakening of linkages with NTPC or a deterioration in the credit profile of NTPC could be a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Power - Thermal Corporate Credit Rating Methodology
Parent/Group support	Parent NTPC Limited holds a 74% stake in PVUNL. The ratings derive comfort from the strong credit profile of parent NTPC (with 74% stake in PVUNL), which is expected to meet the funding requirements or cash flow mismatches of PVUNL, as and when required
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity

About the company

PVUNL, incorporated in October 2015, is a JV of NTPC (74% stake) and JBVNL (26% stake, Jharkhand state discom). It is involved in the development of a 4,000-MW coal-based power plant along with the development & operation of Banhardih coal mine in Jharkhand. The power project will be developed sequentially in two phases, 2,400 MW (3*800 MW) under Phase I and 1,600 MW (2*800MW) under Phase II. The budgeted cost for Phase I is Rs.20,301.6 crore, to be funded in a debt-to-equity ratio of 3:1. REC Ltd has sanctioned a project debt of Rs.14,000 crore. The PPA has been signed with JBVNL (85% allocated to JBVNL, 15% available with the Ministry of Power, Government of India as unallocated quota) for a term of 25 years from the start of commercial operations with the tariff based on the prevailing CERC regulations and will include capacity charge, energy charge, incentives, taxes, levies, etc. The EPC contract has been awarded to BHEL. Unit 1 of Phase I achieved COD on November 5,2025 and subsequently the other two units are to be commissioned in March 2026 and November 2026, respectively.

Key financial indicators (audited)

PVUNL	FY2024	FY2025
Operating income	0.00	0.00
PAT	-4.4	-18.9
OPBDIT/OI	NM#	NM#
PAT/OI	NM#	NM#
Total outside liabilities/Tangible net worth (times)	3.9	4.2
Total debt/OPBDIT (times)	NM#	NM#
Interest coverage (times)	NM#	NM#

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; # NM – Not Meaningful as project was under-construction
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortization

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Nov 27, 2025	Date	Rating	Date	Rating	Date	Rating
Non-fund based facilities	Long-term	237.60	[ICRA]A-(Positive)	Oct 09, 2024	[ICRA]A-(Stable)	Jul 05, 2023	[ICRA]A-(Stable)	May 24, 2022	[ICRA]A-(Stable)
Fund-based term loan	Long-term	17,388.51	[ICRA]A-(Positive)	Oct 09, 2024	[ICRA]A-(Stable)	Jul 05, 2023	[ICRA]A-(Stable)	May 24, 2022	[ICRA]A-(Stable)
Fund based/Non-fund based limits	Long-term and short-term	2,100.00	[ICRA]A-(Positive)/ [ICRA]A2+	-	-	-	-	-	-
Long-term-Unallocated limits	Long-term	753.89	[ICRA]A-(Positive)	Oct 09, 2024	[ICRA]A-(Stable)	Jul 05, 2023	[ICRA]A-(Stable)	May 24, 2022	[ICRA]A-(Stable)

Complexity level of the rated instrument

Instrument	Complexity indicator
Non-Fund-Based Facilities	Very Simple
Fund-Based Term Loan	Simple
Fund based/Non-fund based limits	Simple
Unallocated	Not Applicable

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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Non-Fund-Based Facilities	NA	NA	NA	237.60	[ICRA]A- (Positive)
NA	Fund-Based Term Loan	Nov 2017	-	FY2041	17,388.51	[ICRA]A- (Positive)
NA	Fund based/Non-fund based limits	NA	NA	NA	2,100.00	[ICRA]A- (Positive)/ [ICRA]A2+
NA	Long-term-Unallocated limits	NA	NA	NA	753.89	[ICRA]A- (Positive)

Source: Company

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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