



Press Release
Nuclear Power Corporation of India Limited
October 21, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4800.00	ACUITE AAA Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	4800.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of ‘**ACUITE AAA (read as ACUITE triple A)**’ on the Rs.4800.00 Cr. bank facilities of Nuclear Power Corporation of India Limited (NPCIL). The outlook is ‘**Stable**’.

Rationale for rating reaffirmation

The rating reaffirmation takes into account NPCIL’s 100 percent ownership by the Government of India (GoI), and its strategic importance in India’s nuclear energy programme with Government’s focus on the use of cleaner fuel for power generation. The rating also takes comfort from the lower offtake risk marked by long term PPAs signed with state distribution (discoms) and competitive tariff rates, which is also supported by the ‘must run’ status of the plants; robust financial risk profile marked by healthy leverage and debt protection levels. However, the rating is constraint by implementation risk associated with the ongoing projects under construction and the counter party credit risk, as reflected in high receivable period.

About the Company

Mumbai based Nuclear Power Corporation of India Limited (NPCIL) is a Public Sector Enterprise incorporated in 1987 under the Department of Atomic Energy (DAE), Government of India (GoI). The company is the only entity in India responsible for design, construction, commissioning and operation of nuclear power reactors. NPCIL is presently operating 24 commercial nuclear power reactors with an installed capacity of 8180 MW and has 8 reactors under various stages of project implementation totalling 13800 MW capacity.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the NPCIL to arrive at this rating.

Key Rating Drivers

Strengths

Strategic asset for Government of India (GoI) with strong operational and financial support

NPCIL is wholly owned by GoI. It is the public sector undertaking which is engaged in design, construction, commissioning and operation of nuclear power reactors. NPCIL is presently operating 24 commercial nuclear power reactors with an installed capacity of 8180 MW. NPCIL is also in the midst of construction and installation of multiple reactors with cumulative capacity of 13800 MW. Out of which 3400 MW capacity is in advance stages of completion and achieving criticality in near to medium term and balance 10400 is at initial stages.

NPCIL is a strategic entity for GoI to promote its nuclear energy initiative. GoI provides complete operational support in terms of ensuring continuous supply of fuel and purchase of the power generated by NPCIL. Given such strategic importance and the complete ownership by the government, NPCIL is considered as a subsovereign entity, thereby enabling it to raise funds at competitive pricing from financial institutions and international lenders. The operational performance of the company has strengthened over the past few years on account of an improvement in plant capacity utilization levels. In FY24, the total gross generation from a total capacity of 8180 MW was 47,971 million units against 45,855 million units generated in FY23. The overall plant load factor (PLF) of NPCIL was ~85 percent in FY24 as against ~87 percent for FY23 and the weighted availability factor was 85 percent in FY24 as against 87 percent in FY24. Kakrapar Gujarat Site (KAPS) for Unit 3 and Unit 4, which are of 700 MW each, commenced operations in FY2024 - KAPS unit 3 was commercialised on 30th June 2023 and unit 4 was commercialised on 31st March 2024. Acuité believes that NPCIL's credit profile will continue to be strongly supported by its strategic importance to GoI. The ownership pattern of NPCIL and the support from Government will remain key rating sensitivities.

Government's focus on the use of cleaner fuel for power generation

The total installed power generation capacity in the country, as on 30 June 2024 stood at 4,46,190 MW. The Coal based energy accounts for 47.28 percent of the total capacity while 43.71 percent is contributed by the Renewable sector. As on 31st May 2023, the total installed capacity stood at 417688 MW out of which the nuclear energy accounted for around ~1.6 percent of the total installed capacity of the country. The total electricity generation during 2023-24 was 1700 BU as compared to 1624.158 BU generated during 2022-23, representing a growth of about 4.67%. The conventional energy sources are depleting rapidly and leading to environmental pollution and adverse impact on climate. The Government has taken various initiatives to augment capacity addition mainly by non-fossil fuels routes like solar, wind and nuclear to limit CO2 emission in the environment while meeting the demand for power. Nuclear power is clean, safe, reliable and an economically viable source of electricity. The government has taken several initiatives to facilitate expansion of nuclear power in the country by creation of the Indian Nuclear Insurance Pool (INIP) and amendment of the Atomic Energy Act, 1962 to enable Joint Venture companies of Public Sector Enterprises to set up nuclear power plants. The Government had accorded 'in principle' approval of sites for setting up nuclear power projects in states of Maharashtra, Haryana, Rajasthan, Madhya Pradesh, Gujarat, West Bengal, Karnataka and Andhra Pradesh. As on date, the committed capacity, including present installed capacity, is 21,980 MW, which is planned to be progressively realized by 2031-32. Acuité believes that the government initiatives for promoting the cleaner source of fuel to bridge the demand supply gap and increase the share of nuclear power in aggregate capacity are expected to augur well for the growth of NPCIL.

Healthy Financial risk profile

The company has healthy financial risk profile marked by healthy net worth, moderate gearing and comfortable debt protection matrices despite its continuing capital expenditure programme. The net worth of the company improved to Rs. 61,516.33 crore in FY24 as against Rs. 54,892.63 crore in FY23. The gearing of the company stood at 1.47 times in FY24 as against 1.40 times in FY23. The debt profile of Rs. 90,679.63 crore in FY24 which mainly consists of long-term debt of Rs. 58,651.59 crore and unsecured loans worth Rs. 32,028.04 crore. The total outside liabilities to tangible net worth (TOL/TNW) stood at 1.60 times in FY24 as against 1.52 times in FY23. The interest coverage ratio stood at 11.75 times in FY24 as against 11.58 times in FY23. The debt service coverage ratio (DSCR) stood at 3.12 times in FY24 as against 2.73 times in FY2023. Acuité believes that the financial risk profile will continue to remain healthy on account of strong cash accruals backed by a favourable tariff structure ensuring that there is no sharp rise in the debt levels.

Weaknesses

Implementation risk associated with the ongoing projects

NPCIL is in the midst of construction and installation of multiple reactors with cumulative capacity of 13800 MW, out of which 3400 MW capacity is in advance stages of completion and achieving criticality in near to medium term and balance 10400 is at initial stages. Nuclear power projects typically have a long gestation period because the government and the project developer need to ensure very strong safety mechanisms and minimal risks to human life and the environment. Further, acquisition of land for green field projects and addressing public apprehensions about radiation risks also can take up a significant amount of time. However, KAPP-3 & 4 are commissioned in FY2024 and the other 3 projects are expected to achieve criticality in the next 12 – 18 months. While company's extensive experience in developing nuclear power plants somewhat mitigates project implementation risks, Acuité believes that timely completion of its various projects and commencement of operations will continue to be a risk factor.

Counter-party credit risk

The corporation is exposed to counter party credit risk as it has long term power purchase agreements with various state discoms some of which have a weak credit profile. The receivables position of the company stood at Rs. 6214.28 Cr. as on March 31, 2024, out of which 96.82% is receivable from State PSUs and departments. Around

40.90% has been outstanding for more than a year. However, the payments backed by letter of credit arrangement as per Government directives mitigates the risk to an extent. The receivables of the company are expected to improve on account of the Late Payment Surcharge Scheme introduced by the government.

ESG Factors Relevant for Rating

NPCIL is a nuclear power producer based and therefore, directly contributes to the reduction of carbon emissions. The other material factors from the environmental perspective are green supply chain and waste management. The governance factors that play an important role are ethical business practices, board oversight and management compensation. Further, risk management practices to minimise corruption associated with electricity and gas distribution plays a crucial role. Additionally, regulatory compliance, shareholder's rights and audit control are other material issues in the power generation industry.

Rating Sensitivities

- Any dilution of support from GoI

Liquidity Position Strong

NPCIL's strong liquidity position is enhanced by its association with GoI. The company has generated cash accruals of Rs.7926.65 Cr. for FY2024 against its maturing debt obligations of Rs.1800 Cr. NPCIL also has working capital limits from banks of around Rs.2000.00 Cr, which are largely unutilized. Further, the ownership and the company's strategic importance to the government strongly support its ability to raise debt at a competitive rate from domestic and international lenders, thereby mitigating any liquidity risks.

Outlook: Stable

Other Factors affecting Rating None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	20567.95	16679.06
PAT	Rs. Cr.	6522.66	5146.01
PAT Margin	(%)	31.71	30.85
Total Debt/Tangible Net Worth	Times	1.47	1.40
PBDIT/Interest	Times	11.75	11.58

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
24 Jul 2023	Term Loan	Long Term	1200.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	2600.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	500.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	500.00	ACUITE AAA	Stable (Reaffirmed)
04 May 2022	Term Loan	Long Term	1200.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	2600.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	500.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	500.00	ACUITE AAA	Stable (Reaffirmed)
09 Feb 2021	Term Loan	Long Term	1800.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	2000.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	500.00	ACUITE AAA	Stable (Reaffirmed)
	Term Loan	Long Term	500.00	ACUITE AAA	Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1600.01	Simple	ACUITE AAA Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2025	800.00	Simple	ACUITE AAA Stable Reaffirmed
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2025	1733.33	Simple	ACUITE AAA Stable Reaffirmed
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	26 Dec 2025	333.33	Simple	ACUITE AAA Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2026	333.33	Simple	ACUITE AAA Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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