



Press Release
NLC INDIA RENEWABLES LIMITED
March 20, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2669.00	ACUITE AAA Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	2669.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE AAA**' (read as **ACUITE triple A**) on the Rs. 2,669.00 Cr. bank facilities of NLC India Renewables Limited (NIRL). The outlook is '**Stable**'.

Rational for Rating

The assigned ratings reflects the strategic importance of the project for NLC India Limited (NLCIL) into the renewable energy. NLC India Renewables Limited (NIRL), a wholly owned subsidiary of NLC India Limited (NLCIL) is setting up 600 MW Solar Photo Voltaic Power Project in Solar park at Khavda, Gujarat. This project is a part of upcoming world's largest Ultra Mega Hybrid Park at Kutch district of Gujrat. The total estimated cost of project (EPC) is Rs. 3336 Cr. which will be funded by 80:20 ratio of debt to equity from promoters. The SCOD (Scheduled Commercial Operation Date) is on or before 4th December 2025. The rating gets additional comfort from the strong parentage as NIRL, a fully owned subsidiary of NLC India Limited has low funding risk and low demand risk. However, these strengths are partly offset by moderate implementation risk as the project is still in the construction phase.

About the Company

Incorporated in 2023, NLC India Renewables Limited a wholly owned subsidiary of NLC India limited. The Company is engaged in power generation through renewable sources. It focuses on monetizing the existing renewable energy (RE) assets, optimizing their value and ensuring efficient asset management. It is setting up 600 MW Solar Power Project in GSECL's Solar Park at Khavda (GSECL Stage-2) Gujarat. Current directors of the company are Mr. Prasanna Kumar Motupalli, Dr. Suresh Chandra Suman, Dr. Prasanna Kumar Acharya and Mrs. Rani Alli. Its registered office is located at Chennai.

About the Group
NLC India Limited

Incorporated in November 1956, NLC India Limited (NLC; erstwhile Neyveli Lignite Corporation Limited), is an integrated power company having captive lignite and coal mines and a consolidated generation capacity of 6,071.06 MW. The company was awarded the 'Navratna' status in the year 2011, and it acts as a Nodal Agency for lignite mining appointed by the Ministry of Coal (MoC), with majority market share in lignite mining in the country. NLCIL serves as an important source of power generation to the states of Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Telangana, Rajasthan, and Union Territory of Puducherry. It operates four open cast lignite mines with current capacity of 30.1 MTPA, namely Mine I, Mine IA, Mine II and Barsingsar Mine. It also operates an open cast coalmine, Talabira II & III having current capacity of 20.0 MTPA. NLCIL has lignite thermal power generation capacity of 3640 MW, with 4 pithead power plants at Neyveli, Tamil Nadu, 1 pithead power plant at Barsingsar, Rajasthan and a 1000 MW coal plant through JV (NTPL) in Tamil Nadu. The company also has solar energy capacity of 1380.06 MW and wind energy capacity of 51 MW. NLCIL operates on a cost plus basis with electricity tariff determined by CERC and also the lignite transfer price is determined by CERC. NLC India

Limited is currently managed by Shri. Prasanna Kumar Motupalli as Chairman and Managing Director.

NLC Tamil Nadu Power Limited

NLC Tamil Nadu Power Limited (NTPL), incorporated in 2005, is a joint venture company of NLC India Limited and Tamil Nadu Generation and Distribution Company (TANGEDCO) and is promoted by NLC India Limited in Tamil Nadu. The JV was incorporated with an idea of expansion devised by NLC to set up a 2x500 MW thermal power plant in Tuticorin, Tamil Nadu. Current directors are Shri Prasanna Kumar Motupalli, Shri. Dr. Suresh Chandra Suman, Shri. Dr. Prasanna Kumar Acharya, Smt. Elangovan Uma Devi, Shri. Venkatachalam Manickam and Shri. Ram Kumar. Company has its registered office in Chennai, Tamil Nadu.

Neyveli Uttar Pradesh Power Limited

Neyveli Uttar Pradesh Power Limited (NUPPL) is a joint venture company promoted by NLC India Limited and Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL). The JV was incorporated in 2012 and Ghatampur, Uttar Pradesh, was chosen as the site for a 1,980-MW (3x660 MW) coal based supercritical power project. The company is engaged in power generation. Unit 1 of NUPPL has been commissioned on 12.12.2024 and successfully running at its peak capacity. The Anticipated COD for Unit 2 and Unit 3 is May 2025 and October 2025 respectively. PPA for full capacity of GTPP has been fully signed with UPPCL and APDCL. The Pachwara South Coal Block (PSCB), Dumka, Jharkhand, has been allocated as linked coal mine for 3X660 MW Ghatampur TPP. The current directors of the company are Shri. Prasanna Kumar Motupalli, Shri. Sanjay Kumar Dutta, Shri. Nidhi Kumar Narang, Shri. Nivedita Srivastava, Shri. Sudheer Babu Motana, Shri. Prasanna Kumar Acharya and Shri. Venkatachalam Manickam. Company has its registered office in Lucknow, Uttar Pradesh.

NLC India Green Energy Limited

NIGEL was incorporated with a forward-looking mission to lead the company's future renewable/green energy initiatives. NIGEL will play a crucial role in exploring and implementing new projects in the renewable/green energy sector, thereby expanding our portfolio and advancing our sustainability goals.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has combined the business and financial risk profiles of NLC India Limited and its subsidiaries NLC Tamil Nadu Power Limited (NTPL; 89% held by NLCIL), Neyveli Uttar Pradesh Power Limited (51% held by NLCIL), NLC India Renewables Limited (100% held by NLCIL) and NLC India Green Energy Limited (100% held by NLCIL) together referred as NLC Group.

Key Rating Drivers

Strengths

Strategic importance to the project

The project is strategically important for the NLCIL in line with the vision to achieve 10GW by significantly expanding the capacity of renewable energy by 2030. NLC India Limited (NLCIL), a Navratna public sector undertaking (PSU) of the Government of India (GOI) in the mining and power generation sectors, aims to emerge as a leading company with a strong focus on social responsibility and sustainability. NLCIL has established itself as a symbol of growth and resilience within India's energy landscape. A Joint venture Agreement has been signed with both APDCL (Assam) and RVUNL (Rajasthan) for developing 1000MW and 2000MW of Renewable power Projects. PPA will be signed in near term and will get operational in medium term. Acuite believes that the long operational track record of NLCIL will benefit the NIRL in longer run.

Low demand risk supported by long-term PPA arrangement

The Long term PPA (Power Purchase Agreement) for 25 years has been signed for full capacity of 600 MW with GUVNL (Gujarat Urja Vikas Nigam Limited) at a fixed tariff rate. The PPA is valid till 25 years from SCOD i.e. up to 2050. Acuite believes that the tied up long term PPA will give the comfort in longer run for scale of operations of the company.

Low Funding Risk

NIRL had already accepted the offer of Bank of Baroda for sanctioning the Rupee Term Loan of Rs. 2669 Cr. for the 600 MW Solar Project as per Letter of Award (LOA) dated 3rd December 2024. The repayment will be start after the 12 months from SCOD and will be repaid in 60 quarterly instalments. Acuite believes that project will be implemented by scheduled timeline after tying up of entire debt requirement for the project.

Healthy Financial Risk Profile

The financial risk profile of the group is healthy with robust net worth, moderate leverage ratios and comfortable coverage indicators. The net worth of the company increased in FY 2024 to Rs. 19,137.55 Cr. as against Rs. 17,446.14 Cr. in FY 2023 and Rs. 16,184.48 Cr. in FY 2022, with accretion of profits to reserves. The leverage ratios of the company remain moderate with debt-equity ratio of 1.17 times in FY 2024 as against 1.28 times in FY 2023 and TOL/TNW ratio of 1.86 times in FY 2024 as against 2.03 times in FY 2023. Due to the on-going

planned capex debt-EBIDTDA increased to 4 times in FY2024 as against 4.55 times in FY2023. The coverage indicators improved in FY23 supported by higher cash accruals, as interest-coverage-ratio stood comfortable at 2.82 times in FY 2024 as against 2.56 times in FY 2023. Debt-service- coverage-ratio also increased to 1.64 times in FY 2024 as against 1.47 times in FY 2023. Acuité believes despite large capex plans and expected regular dividend pay-out, the financial risk profile, is expected to remain healthy over the medium term backed by robust network level, un-utilized bank limit and sizeable cash accrual.

Weaknesses

Implementation Risk

The project is still under the construction phase as Scheduled Commercial Operations Date is for December 2025. There is a moderate execution risk associated with the project. The group has been able to establish financial closure and as on 31st January 2025, Rs. 181.28 Cr. (5.44% of total cost) has been incurred. However, this risk is partly mitigated by the long operational track record of the NLCIL in the renewable and non-renewable energy segment. All the packages of 600 MW has been awarded to the successful bidders and work is going on and expected to commence the power generation on expected COD.

Rating Sensitivities

- Timely completion of project without cost overrun as per SCOD

Liquidity Position

Strong

The liquidity profile of the group is strong marked by generating net cash accruals of Rs 3,732.91 Cr. for FY 2324 as against its debt repayment obligations of Rs. 1,497.23 Cr. for the same year. Further, the accruals are expected to be sufficient to meet the debt servicing obligations in FY2025 and FY2026. The funding for the capex programme is expected to be met through a mix of internal accruals and debt funding. The NLCIL has large undrawn working capital lines of ~Rs. 4,000 crore as on December 2024. Furthermore, the company being a 'Navratna' CPSE, has strong financial flexibility to raise additional debt at competitive rates. Acuité expects cash accrual, cash and equivalent and unutilised bank lines will sufficiently cover debt obligation, incremental capex and working capital requirement of FY2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	13407.82	16497.70
PAT	Rs. Cr.	1867.32	1425.13
PAT Margin	(%)	13.93	8.64
Total Debt/Tangible Net Worth	Times	1.17	1.28
PBDIT/Interest	Times	2.82	2.56

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

None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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 :

Not Applicable

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 Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2669.00	Simple	ACUTE AAA Stable Assigned

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	NLC India Limited
2	NLC Tamil Nadu Power Limited
3	Neyveli Uttar Pradesh Power Limited
4	NLC India Renewables Limited
5	NLC India Green Energy Limited

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Kartik Arora Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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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