



Press Release

NLC India Limited

March 24, 2026

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facility	916.00	IVR AAA / Stable (IVR Triple A with Stable Outlook)	IVR AAA / Stable (IVR Triple A with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Bank Facility	0.00 (Reduced from Rs. 1092.36 crore)	Withdrawn	Withdrawn	Rating Withdrawn	Simple
Total	916.00 (Rupees Nine hundred sixteen crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the long-term bank facility aggregating to Rs. 916.00 crore of NLC India Limited (NLCIL) at IVR AAA/ Stable.

The rating continues to factor in the Government of India's (GoI) majority shareholding (72.2%), NLCIL being a Navratna public sector undertaking and being strategically important to the GoI from mining and power generation perspective. The rating also draws comfort from long-term power purchase agreements (PPAs) with the state distribution utilities under two-part tariff structure which ensures steady offtake, cash flows and profitability leading to healthy debt coverage metrics. Captive lignite and coal mining assures guaranteed fuel supply with a control on fuel costs. Further, NLCIL has diversified into renewable power generation and already has an operating portfolio of 1730.06 MW solar and 51MW wind power units. The financial profile of company is marked by healthy capital structure specially, considering its infrastructure nature of business and healthy debt protection metrics. Coupled with GoI ownership, this provides superior financial flexibility to the company and ability to access funds at competitive rates. The rating strengths are however tempered by counterparty credit risks associated with weak to moderate credit profile of off takers, large size debt-funded capex plans and project implementation risks associated therewith.



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The Stable outlook reflects the strong business risk profile backed by long-term PPAs under two-part tariff structure ensuring steady cash flows and captive lignite and coal mining assuring guaranteed fuel supply.

Also, Infomerics Ratings has withdrawn its rating on the term loan basis the request letter from the company and the No dues certificate received from the lender. The rating withdrawal is in accordance with Infomerics policy on withdrawal of ratings.

Key Rating Sensitivities:

Upward Factors: Not Applicable

Downward Factors

- Divestment of shareholding of Gol in NLCIL.
- Delay in recovery of dues from counterparties/ weakening of credit profiles of off takers impacting liquidity position of the company.
- Larger than expected debt funded capex deteriorating overall gearing to more than 2.5 x.
- Deterioration in the operating performance of the operational units impacting profitability.
- Large cost overruns for the under-construction projects not allowed by the regulator.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Navratna status and of strategic importance to the Government:

NLCIL is a strategically important Central Public Sector Undertaking (CPSU) and serves as the nodal agency for lignite mining in India, appointed by the Ministry of Coal. The company has a majority market share in domestic lignite production and is a leading supplier of power to the southern states, especially Tamil Nadu. Gol holds a 72.20% equity stake in NLCIL as on December 31, 2025, underscoring strong sovereign ownership and oversight. The company was conferred 'Navratna' status in 2011. The Gol's majority ownership enhances the company's financial flexibility, enabling access to funding at competitive rates from banks and capital markets. Historically, the Gol has extended guarantees for the company's foreign currency borrowings and is expected to continue providing need-based support, if required.

Long-term PPAs under two-part tariff structure ensures steady cash flows:

NLCIL has a consolidated installed capacity of 7741.06 MW as on February 01, 2026. The entire capacity has been tied up with long-term PPAs with the state discoms of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Kerala, Puducherry and Rajasthan, limiting demand



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risks. The tariff structure for the coal and lignite thermal power plants is two part comprising capacity and energy charges thus ensuring recovery of all fixed expenses, including debt obligation, and fixed return on equity based on the achievement of performance benchmarks mandated by the Central Electricity Regulatory Commission (CERC). Also, the project in Uttar Pradesh (Unit 1 of 660 MW commissioned in December 2024, Unit II of 660 MW in December 2025) has been tied up with states, Uttar Pradesh and Assam for the entire capacity. The renewable power projects have been awarded via competitive bidding and typically have a single part tariff linked to actual generation.

Captive lignite mines and coal mines assure guaranteed fuel supply:

NLCIL operates seven thermal power plants, five plants are lignite-based power generation plants, and two plants (NLC Tamil Nadu Power Limited (NTPL) and NLC Uttar Pradesh Private Limited (NUPPL)) are coal-based. The lignite-based power plants are pit head plants and have access to captive lignite mines with capacity of 30.10 million tonnes per annum (MTPA) as on March 31, 2025. This is sufficient to take care of the entire fuel requirement of the lignite power plants. Non-pit head coal-based power plants, NTPL (1000 MW) and NUPPL (1980 MW) have long term fuel linkages with subsidiaries of Coal India Ltd. Further, the supply is secured from the 20 MTPA Talabira coal mines in Odisha and the 9 MTPA Pachwara South coal block in Jharkhand. The availability of captive mines reduces fuel availability risks and ensures stability of operations. NLCIL also won North Dhadu (3 MMTPA), Machhakata (30 MMTPA), and New Patrapada (South) coal mine (12 MMTPA) via bidding, which will sell coal in the open market.

Healthy financial risk profile

The financial risk profile of NLCIL is marked by healthy capital structure, large unutilised bank limits and sizeable cash accruals. Improved collections from the off takers resulted in lower utilisation of working capital bank borrowings and commercial paper leading to improvement in adjusted overall gearing from 1.25x as on March 31, 2024, to 1.09x as on March 31, 2025, despite ongoing capex programmes. Total debt/ EBITDA improved from 6.34x in FY24 to 4.63x in FY25 (FY refers to period from April 1 to March 31) owing to increase in EBITDA. Any larger than expected debt funded capex, adversely impacting cash flows, will remain a key monitorable.

Diversification into renewable energy

NLCIL has operational solar capacity of 1730.06 MW and wind capacity of 51 MW as on February 01, 2026. There are plans to increase renewable generation capacity to ~10 GW by FY30. NLCIL has also incorporated a wholly owned subsidiary- NLC India Renewables Limited



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(NIRL) in June 2023. Existing operational renewable assets of NLCIL have been transferred to this entity and all future renewable projects will be consolidated under it. Renewable assets have lower execution risks compared to thermal assets with a stable operating profitability.

Key Rating Weaknesses

Moderate operating efficiencies leading to under recovery of fixed charges

The average plant availability factor (PAF) for NLCIL's portfolio has remained below the normative level of 85% in the last three years. PAF stood at 65.71 % in FY25 and at 58.47% for 9MFY26, owing to the technical issues at TPS II expansion and the plants being under refurbishment. This has resulted in under-recovery of fixed charges impacting profitability.

Exposure to counterparty credit risk associated with state distribution utilities

NLCIL remains exposed to counterparty credit risks as its off takers, the state distribution utilities have weak to moderate financial profiles. Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) accounts for ~56% of the debtors as of March 31, 2025, on a consolidated basis and is the major customer. Total debtors on a consolidated basis (excluding bill discounted), have reduced significantly to Rs. 3213 crore as on March 31, 2025, on account of receipt of funds by the power distribution companies (discoms) under the Atmanirbhar Bharat scheme and bill discounting facility availed by the company albeit with recourse to the company. Regular payments by the off takers have led to lower working capital utilisation and bill discounting facility in FY25. Further, the benefit of letter of credit and a tripartite agreement between Gol, state governments and RBI, is also available to NLCIL.

Large-size debt-funded capex plans and project implementation risks:

The company has a sizeable capital expenditure of Rs. 1.16 lakh crore over FY26-30. The ongoing projects are the 1980 MW power plant in Uttar Pradesh (Unit III of 660 MW expected in March 2026), the 2400 MW Talabira pit-head thermal power station, the Pachwara coal mines in Odisha and Jharkhand, and new renewable power projects. Company is also doing capex for flue-gas desulfurization for the existing plants. Hence, the company may face risks related to time and cost overruns primarily due to delay in obtaining clearances, technical issues during stabilisation phase etc. The completion of these projects on time and within budgeted costs and the subsequent approval of the tariffs by the CERC without any major disallowances will be a key rating monitorable. There are long term PPAs for majority of the capacity being added and availability of fuel mitigates any demand risk.



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Analytical Approach: Consolidated

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Consolidation of Companies](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition](#)

[Policy on Withdrawal of Ratings](#)

[Criteria on Government Support](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity– Strong

The liquidity of NLCIL is marked by healthy cash flow from operations, sufficient to meet its debt repayment obligations in FY26 and FY27. NLCIL has total fund based working capital limits of Rs. 4000 crore of which majorly is unutilised. Also, the company has access to Commercial Paper market. The funding for the capex programme is expected to be met through a mix of internal accruals (20-30%) and debt funding (70-80%). Further being a 'Navratna' NLCIL has strong financial flexibility to raise additional debt at competitive rates. The company has cash and cash equivalents of around Rs. 319.70 crore as on March 31, 2025. The company also has plans to raise funds through IPO in NIRL.

About the Company

NLC India Limited (erstwhile Neyveli Lignite Corporation India Limited), a public sector undertaking incorporated in November 1956, is involved in lignite mining, coal mining, power generation and power trading. GoI holds 72.20% stake in the company. The company works under administrative control of the Ministry of Coal, GoI. The company, at present, has a lignite mining capacity of 30.10 MTPA, coal mining capacity of 20 MTPA and consolidated installed power generation capacity of 7741.06 MW as on February 01, 2026. NLCIL power stations are in Tamil Nadu, Uttar Pradesh, Andaman & Nicobar, and Rajasthan.

Financials (Consolidated):

For the year ended/ As on*	(Rs. Crore)	
	31-03-2024	31-03-2025
	(Audited)	(Audited)



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For the year ended/ As on*	31-03-2024	31-03-2025
Total Operating Income	13001.33	15282.96
EBITDA	3535.79	4840.23
PAT	1860.86	2699.82
Total Debt	22415.49	22428.58
Tangible Net Worth	19137.55	21732.15
EBITDA Margin (%)	27.20	31.67
PAT Margin (%)	13.34	15.99
Overall Gearing Ratio (x)	1.17	1.03
Interest Coverage (x)	4.16	5.19

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr.	Name of Security/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					March 13, 2025	March 31, 2024	March 27, 2023
1.	Term Loan	Long Term	916.00	IVR AAA/ Stable	IVR AAA/ Stable	--	--
2.	Term Loan	Long Term	0.00 (Reduced from Rs. 1092.36 crore)	Withdrawn	IVR AAA/ Stable	IVR AAA/ Stable	IVR AAA/ Stable

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (formerly known as Infomerics Valuation and Rating Pvt Ltd) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver



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quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facilities	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	--	--	--	June 30, 2038	916.00	IVR AAA/ Stable

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_NLCIL_mar26_267fec297e.pdf

Annexure 3: Detailed explanation of covenants of the rated Security: Not Applicable

Annexure 4: List of companies considered for consolidated analysis:

Name of the company	% of shareholding	Extent of consolidation
NLC Tamil Nadu Power Limited	89%	Full
Neyveli Uttar Pradesh Power Limited	51%	Full
NLC India Renewables Limited	100%	Full
NLC India Green Energy Limited	100%	Full
MNH Shakti Ltd	15%	Equity Method
Coal Lignite Urja Vikas Pvt Ltd	50%	Equity Method



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

