

June 15, 2026

North East Transmission Company Limited: Rating reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---------------------------------|--------------------------------------|-------------------------------------|--------------------------------|
| Long term fund based –Term loan | 480.13 | 340.95 | [ICRA]AAA (Stable): reaffirmed |
| Total | 480.13 | 340.95 | |

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation factors in North East Transmission Company Limited’s (NETCL) comfortable debt coverage metrics and its revenue and cash flow visibility, supported by availability-linked tariff payments for its inter-state power transmission project with the presence of a long-term transmission service agreement (TSA), according to the cost-plus tariff framework norms of the Central Electricity Regulatory Commission (CERC). The rating also considers NETCL’s strong operational profile, with the company achieving a line availability of 99.9% over the last five years ending 11M FY2026, well above the normative availability defined by the CERC, leading to full tariff recovery as well as incentives. The transmission line owned by NETCL is a critical link for power transmission in the northeastern region.

Further, ICRA draws comfort from the low counterparty credit risk arising out of diversification under the collection framework for inter-state transmission licensees (ISTS), wherein the Central Transmission Utility (CTU) is responsible for collecting the transmission charges from the beneficiary users and disbursing the same to the ISTS licensees. The collection efficiency levels have been superior so far, a trend that ICRA believes is likely to continue. ICRA notes that the CERC has approved the capital cost petitioned by the company (additional capital expenditure to be reviewed at the time of true-up), leading to recovery of capital cost incurred along with a fixed return on equity. A well-defined regulatory framework, low operating risks in a transmission line project and strong collection efficiency are expected to support stable cash generation for the company.

Also, comfort is drawn from the company’s strong liquidity position, driven by healthy cash flow from operations, undrawn working capital limits and sizeable cash and liquid funds maintained by the company. While NETCL is not contractually obligated to maintain any cash reserve for debt servicing, ICRA notes that the company has historically maintained adequate liquid funds and is expected to continue to maintain it in the future as well. However, any moderation in the liquidity due to a higher-than- envisaged dividend payout would be a key monitorable for the assigned rating.

However, NETCL’s rating is exposed to operating & maintenance (O&M) risks, including the risk of inadequate maintenance especially given the single-asset operations in a difficult terrain as well as higher than normative O&M costs as seen historically. The higher than normative O&M costs have moderated the returns for the project. Moreover, NETCL’s operations remain exposed to the regulatory risk pertaining to any adverse changes in the CERC’s cost-plus tariff norms.

The Stable outlook on the rating reflects ICRA’s opinion that NETCL will continue to benefit from its cost-plus tariff operations, ability to maintain higher-than-normative transmission line availability and a strong collection efficiency.

Key rating drivers and their description

Credit strengths

Comfortable debt coverage metrics – NETCL had refinanced its term debt in FY2025 with an elongated repayment tenure, thereby significantly improving its debt coverage metrics. Historically, the company has also undertaken periodic prepayments of term debt. Going forward, the overall financial profile is likely to remain comfortable, supported by stable revenue, largely predictable cost structure, efficient collection mechanism and adequate tail period, with the cumulative DSCR estimated over 2.5 times.

Strong operational profile - The transmission line availability has remained superior, with a minimum availability of 99.7% in the last five years ended 11M FY2026 against the normative availability requirement of 98.0% for the recovery of annual fixed cost. This bodes well because if the availability of the line remains above 98.5%, the company will not only be able to recover its entire fixed charges but also be eligible for incentive income. NETCL earned an incentive of Rs. 3.2 crore in FY2026.

Further, the CERC has approved the capital cost petitioned by the company (additional capital expenditure to be reviewed at the time of true-up). This removes any uncertainty over the company's ability to realise the regulated returns (which cover all costs and allow for 15.5% return on regulated equity base), subject to maintaining the normative levels of T/L availability and operating costs within the normative levels, as the tariff is of cost-plus nature. Also, NETCL's power transmission project has a TSA, which provides revenue visibility and lends stability to the cash flow.

Healthy collection efficiency, aided by pooling framework applicable for inter-state transmission licencees - The company's average collection efficiency remained satisfactory at 99% in FY2026. The asset developed is an ISTS line. Hence, it is the responsibility of the CTU to bill and collect the payments on behalf of NETCL.

Credit challenges

Exposure to O&M risks - NETCL remains exposed to O&M risks, though such costs constitute a relatively small share of the revenues. The company has historically incurred higher-than-normative O&M expenses, primarily due to its single-asset profile and operations in a difficult terrain, which has moderated the realised returns in the past. Further, as inherent in a power transmission project, NETCL's cash flows are linked to the project's line availability, which would depend on the quality of the asset and timely O&M. Inadequate line maintenance will result in revenue loss, thereby weakening the debt servicing capability. However, the project's healthy overall performance so far mitigates the risk to an extent.

Liquidity position: Strong

NETCL's liquidity is strong, supported by healthy cash flow from operations, and the sizeable cash, bank balance and liquid funds maintained by the company (Rs. 54.7 crore as on April 30, 2026, including self-insurance reserve) in relation to the debt servicing obligations. Additionally, it has sanctioned working capital limits of Rs. 30 crore which remain unutilised. While the company is not contractually obligated to maintain any cash reserve for debt servicing, ICRA notes that NETCL has historically maintained adequate liquid funds and is expected to continue to maintain it in the future as well. The regulated nature of operations, the superior transmission line availability and the strong collection efficiency should ensure adequate cushion for the company's debt servicing (annual debt repayments of ~Rs. 29.0 crore in FY2027).

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Pressure on NETCL's rating could arise if the debt coverage indicators deteriorate, led by lower than normative line availability on a sustained basis or any delays in collecting payments adversely impacting its liquidity profile.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology Power Transmission |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The rating is based on the standalone financial profile of the company |

About the company

NETCL is a joint venture (JV) of Power Grid Corporation of India Ltd (PGCIL), ONGC Tripura Power Company Ltd (OTPC, a JV of ONGC, GAIL and Government of Tripura) and the northeastern states. It was formed to build, own and operate a 1,326.7-CKT km 400-KV AC transmission line from Palatana in Tripura to Bongaigaon in Assam to evacuate power from the 726.6-MW gas based power plant of OTPC at Palatana. The transmission line passes through the forests and hilly terrain of Tripura, Assam and Meghalaya. The first segment of the line, Palatana–Silchar, was commissioned in September 2012 and the last phase was commissioned in February 2015. The project cost of ~Rs. 2,200 crore has been funded in a debt-to-equity ratio of 77:23. The tariff is payable, as per the CERC tariff norms. Being an ISTS line, the CTU is responsible for the billing, collection and disbursement of transmission charges for NETCL.

Key financial indicators (audited)

| NETCL | FY2025 | FY2026 |
|--|--------|--------|
| Operating income | 269.7 | 259.7 |
| PAT | 78.8 | 80.4 |
| OPBDIT/OI | 92.7% | 92.2% |
| PAT/OI | 29.2% | 31.0% |
| Total outside liabilities/Tangible net worth (times) | 0.9 | 0.7 |
| Total debt/OPBDIT (times) | 1.9 | 1.4 |
| Interest coverage (times) | 5.1 | 7.3 |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; 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

| Current (FY2027) | | | | Chronology of rating history for the past 3 years | | | | | | | |
|--------------------|-----------|--------------------------|--------------|---|--------------|--------------------|--------------|--------------------|--------------|--------------------|--|
| | | | | FY2027 | | FY2026 | | FY2025 | | FY2024 | |
| Instrument | Type | Amount rated (Rs. crore) | Date | Rating | Date | Rating | Date | Rating | Date | Rating | |
| Term loan | Long term | 340.95 | Jun 15, 2026 | [ICRA]AAA (Stable) | Aug 18, 2025 | [ICRA]AAA (Stable) | Nov 07, 2024 | [ICRA]AA+ (Stable) | Aug 04, 2023 | [ICRA]AA+ (Stable) | |
| Unallocated limits | Long term | - | - | - | - | - | - | - | Aug 04, 2023 | [ICRA]AA+ (Stable) | |

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

| Sr. No. | Instrument | FSR |
|---------|--|--|
| 1 | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities) | SEBI |
| 2 | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities) | MCA |
| 3 | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | SEBI |
| 4 | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | SEBI |
| 5 | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | RBI |
| 6 | Listed Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 7 | Unlisted Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 8 | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$) | RBI |
| 9 | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI |
| 10 | Certificates of Deposit | RBI |
| 11 | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs | RBI |
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs | MCA |
| 13 | Inter Corporate Deposits/Loans extended by Corporates | MCA |
| 14 | Listed Security Receipts | SEBI |
| 15 | Unlisted Security Receipts | RBI |
| 16 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | Investor-side Regulator such as IRDAI, PFRDA (%) |

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

| Sr. No. | Activity Name | FSR |
|---------|--|------|
| 1 | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs) | SEBI |
| 2 | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs | SEBI |
| 3 | Independent Credit Evaluation (ICE) | RBI |
| 4 | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs) | RBI |
| 5 | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities)) | SEBI |

| | | |
|----|--|------|
| 6 | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities)) | MCA |
| 7 | Credit Rating of Borrowing programme | (@) |
| 8 | Issuer Ratings | (#) |
| 9 | Monitoring Agency | SEBI |
| 10 | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA |

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|-----------------------------------|----------------------|
| Long- term fund based – Term loan | 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 II: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|------|-----------------|------------------|-------------|----------|--------------------------|----------------------------|
| NA | Term loan | FY2025 | - | FY2040 | 340.95 | [ICRA]AAA (Stable) |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3406

girishkumar@icraindia.com

Ankit Jain

+91 124 4545 865

ankit.jain@icraindia.com

Sankalpa Mohapatra

+91 40 6939 6409

sankalpa.mohapatra@icraindia.com

Chinmay Sheth

+91 79 6923 3010

chinmay.sheth@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.