

September 29, 2025

Neyveli Uttar Pradesh Power Limited: Rating upgraded

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loans	13,067.00	14,580.47	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable)
Long term – Fund based – Others	2,000.00	1,000.00	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable)
Long term unallocated limits	1,000.00	-	-
Total	16,067.00	15,580.47	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade of Neyveli Uttar Pradesh Power Limited (NUPPL) reflects the improved predictability of future cash flows, following the stabilisation of operations of Unit 1 (660 MW) of its 1,980-MW thermal power project, which achieved commercial operations in December 2024. The upgrade is further supported by the advanced progress of Unit 2, which is expected to be commissioned by October 2025, while Unit 3 is likely to get commissioned by January 2026.

The rating continues to factor in the strong sponsor profile of NUPPL — a joint venture (JV) between NLC India Limited {NLCIL; rated [ICRA]AAA (Stable)} and Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL), which is Uttar Pradesh's (UP) state-owned power generation company (genco). The power purchase agreements (PPA) for the entire plant capacity are tied up with Uttar Pradesh Power Corporation Limited (UPPCL; 75%) and Assam Power Distribution Company Limited (APDCL; 25%), based on the cost-plus tariff principles, which will safeguard the profitability against fuel price volatility and provide for regulated returns, subject to achieving normative operating efficiency and approval of the capital cost by the regulator.

The project cost for NUPPL's thermal power project has been revised to Rs. 21,780.94 crore from Rs. 19,406.12 crore, which itself was revised from Rs. 17,237.80 crore. As of July 2025, the company has incurred over 93% of the revised project cost towards thermal power project.

ICRA notes that the lead banker has approved a fresh date of commencement of commercial operations (DCCO) of March 31, 2028, after the project scope was changed to include the captive mine. The debt repayments to the lead banker are scheduled to commence from FY2029. This revision in the timeline, along with the company securing debt from the lead banker for both the captive mine and cost overruns, provides the project with the required funding. On the other hand, the second lender to the thermal project revised the project CoD from June 2025 to December 2025, with the repayment scheduled to commence from FY2027. This lender does not have exposure to the captive mine.

The rating is, however, constrained by the residual execution risks for the balance two units, with the project witnessing delays in execution over the years. The commissioning timeline (CoD) for Unit 2 and Unit 3, which were earlier expected to be completed in November 2024 and March 2025, respectively, during last review has been shifted to October 2025 and January 2026, respectively. Further, the company is required to develop the captive coal mine. The company's ability to complete the remaining units without further delays and to fund any further cost escalations in a timely manner remains a key monitorable. Post commissioning, the extent of the capital cost approval by the Central Electricity Regulatory Commission (CERC) will also be a critical factor.

The rating is, also constrained by the counterparty risks arising from the modest financial profiles of the distribution utilities (discoms), especially the UP discoms. While the project's fuel supply risks are expected to be low as a captive coal block has been allotted for the company's coal requirements, the risk of delays in the commencement and ramp up of the mining

operations in the allocated Pachwara south coal block remains. The mine is expected to commence operations in FY2026 and is likely to reach the peak rated capacity in FY2030. As a result, NUPPL has secured approval for a tapering bridge linkage which is now available till March 2026 and is expected to be renewed, post expiry.

The Stable outlook on the [ICRA]A- rating reflects ICRA's view that NUPPL's credit profile is supported by the progress made in the project's commissioning, along with the sponsor's strong execution track record and the fresh COD approved by the lead banker.

Key rating drivers and their description

Credit strengths

Strong sponsor profile – The project was conceived by NLCIL as a part of the company's expansion plans, and NUPPL was incorporated as a joint venture with a 51% stake held by NLC and the remaining 49% shareholding with UP state genco, UPRVUNL. The Government of India holds a dominant share of 72.2% in NLC India Limited as of June 2025, which has a strong operational track record of more than 50 years in the lignite mining and power generation segments.

Long-term PPA mitigates offtake risk – NUPPL has signed PPAs with UPPCL (December 31, 2010) and APDCL (June 13, 2023), which mitigates the offtake risk. The Ministry of Power (MOP), Govt of India, initially allocated 1,487.3 MW to UPPCL (75%) and 492.7 MW to APDCL (25%). However, APDCL's share is contingent on a 20% equity transfer from UPRVUNL to the Government of Assam. Until this transfer is completed, the allocation has been revised to 1,843.7 MW for Uttar Pradesh and 136.3 MW as unallocated, which is being distributed by the Northern Regional Power Committee (NRPC) as needed.

Cost-plus PPA for entire project capacity – The PPAs follow the cost-plus principles with pass-through of fuel cost. Thereby, the project's profitability is expected to be safeguarded from the volatility in coal prices, subject to achieving the normative operating efficiency and receiving the approval of the capital cost by the regulator.

Credit challenges

Residual execution risk and risks associated with development of coal mine – As of December 2024, Unit 1 has achieved commercial operations, while Units 2 and 3 are at an advanced stage of completion. Unit 2 is expected to be commissioned by October 2025, followed by Unit 3 in January 2026. The company's ability to complete the remaining units without further delays and to fund any cost escalations 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 Pachwara. 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 commence operations in FY2026 and is likely to reach peak rated capacity in FY2030. As a result, NUPPL has secured approval for a tapering bridge linkage which is now available till March 2026 and is expected to be renewed, post expiry.

Exposed to counterparty credit risks – The PPAs for the project have been signed with the state discoms of UP and Assam. As a result, the counterparty credit risks are high, considering the modest financial profiles of the state discoms, especially the UP discoms.

Liquidity position: Adequate

As the project is under construction (Unit-1 has achieved COD in Dec- 2024), the liquidity is supported by a sanctioned term loan and equity tie-up from the sponsors. Herein, the presence of a strong sponsor and NLCIL's ability to provide financial support, if required (NLCIL holds a 51% stake in the entity), provides comfort. The JV partners – NLCIL and UPRVUNL - have already infused ~89% of the equity requirement (of the revised cost estimates -thermal power project), and the balance is expected to be infused in a timely manner. Further, NUPPL has Rs. 900-crore sanctioned fund-based working capital limits, with Rs. 500 crore currently drawable until Unit 2 achieves commercial operation. The utilisation has averaged 70% over the

eight months ended August 2025. An additional Rs. 1,000-crore working capital limit is planned, post the commissioning of Unit 3.

Rating sensitivities

Positive factors – ICRA could upgrade NUPPL’s rating following successful commissioning of all three units without significant delays or cost overruns and subsequent stabilisation of the project, supporting enhanced predictability of future cash flows and sustained operational performance.

Negative factors – Pressure on NUPPL’s rating could arise if there are further significant delays in commissioning of balance two units. Also, if there are significant cost overruns (not approved by CERC), resulting in cost under-recovery and consequent weakening of the company’s credit and return metrics may trigger for downgrade. Further, any weakening of linkages with NLCIL or a deterioration in the credit profile of NLCIL could be a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Power - Thermal Corporate Credit Rating Methodology
Parent/Group support	NLC India Limited {rated [ICRA]AAA(Stable)} holds 51% in the entity and the NUPPL project is part of the expansion projects of NLC. NLC is expected to support NUPPL in case of any requirement
Consolidation/Standalone	The rating is based on the standalone financial profile of the rated company

About the company

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) with a shareholding ratio of 51:49. The JV was incorporated in 2012 and Ghatampur, UP, was chosen as the site for a 1,980-MW (3x660 MW) supercritical power project. The total project cost was initially estimated to be Rs. 17,238 crore and funded through a mix of debt and equity in the ratio of 70:30. The original project cost was revised to Rs. 19,406.12 crore, which was approved by the Ministry of Coal on April 24, 2023, following a proposal submitted by NUPPL. Subsequently, due to further delays, the project cost was again revised to Rs. 21,780.94 crore, and this revised estimate received approval from the Ministry of Coal on November 12, 2024. Unit-1 (660 MW) achieved commercial operations in December 2024, and the remaining two units are expected to be commissioned in October 2025 and January 2026, respectively.

Key financial indicators (audited)

NUPPL Standalone	FY2024	FY2025
Operating income	0.0	700.5
PAT	-1.5	-49.9
OPBDIT/OI	-	42.7%
PAT/OI	-	-7.1%
Total outside liabilities/Tangible net worth (times)	2.45	2.62
Total debt/OPBDIT (times)	NM	46.36
Interest coverage (times)	-	1.37

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; NM: Not meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current year (FY2026)				Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	Sep 29, 2025	FY2026		FY2025		FY2024		FY2023		
				Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Term loans	Long term	14,580.47	[ICRA]A-(Stable)	-	-	Aug 02, 2024	[ICRA]BBB+(Stable)	Sep 27, 2023	[ICRA]BBB+(Stable)	Jul 22, 2022	[ICRA]BBB+(Stable)	
Fund based facilities	Long term	1,000.00	[ICRA]A-(Stable)	-	-	Aug 02, 2024	[ICRA]BBB+(Stable)					
Unallocated limits	Long term	-	-	-	-	Aug 02, 2024	[ICRA]BBB+(Stable)					

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Term loans	Simple
Long term – Fund based – Others	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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans I	Feb 2018	NA	FY2039	9,102.31	[ICRA]A- (Stable)
NA	Term loans II	Feb 2018	NA	FY2037	5,478.16	[ICRA]A- (Stable)
NA	Fund based facilities	NA	NA	NA	1,000.00	[ICRA]A- (Stable)

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

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Vikram V

+91 40 6939 6410

vikram.v@icraindia.com

Sankalpa Mohapatra

+91 40 6939 6409

sankalpa.mohapatra@icraindia.com

Chinmay Sheth

+91 79 4027 1550

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, 2025 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.