

Rating Rationale

24 Jan 2024

NLC India Limited

Brickwork Ratings (BWR) reaffirms and withdraws the ratings for the Bank Loan Facilities of Rs. 3060.44 Crs. BWR also reaffirms the ratings for the Non-Convertible Debentures of Rs. 3000.00 Crs of NLC India Limited based on best available information, as the issuer did not cooperate.

Particulars

Facilities/ Instrument**	Amount (Rs. Crs)		Tenure	Rating#	
	Previous	Present		Previous (20 Oct 2023)	Present
NCD Existing Proposed	2175.00 825.00	2175.00 825.00	Long Term	BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING*/ Downgraded	BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING*/ Reaffirmed
BLR Term Loans	4080.75	3060.44	Long Term	BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING*/ Downgraded	BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING*/ Reaffirmed and withdrawn
Total	7080.75	6060.44	Rupees Six Thousand and Sixty Crores and Forty Four Lakhs Only		

#Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

* Issuer did not cooperate, based on best available information

**Details of bank loan facilities is provided in the Annexure I

**Details of NCDs is provided in the Annexure II

RATING ACTION:WITHDRAWAL OF BANK LOAN RATING

NLC India Ltd (NLCIL or the ‘Company’) had taken up with BWR for withdrawal of the bank loan ratings, and had provided the No Objection Certificates (NOCs) from all the concerned lenders for withdrawal of the existing ratings with BWR. As per BWR’s Rating Withdrawal Policy, the ratings have been reviewed based on available information at the time of withdrawal. The ratings have been reaffirmed at BWR BB+/Stable based on the available information and simultaneously withdrawn. BWR clarifies that the reaffirmation is not based on the operational performance of the company, but on the regulatory requirements of downgrading a rating in investment grade to the non-investment grade after six months. As per the Q2FY24/H1 FY24 results, the company continues to perform well.



REVIEW of NCDs:

In view of the continuing non-cooperation, review of the NCD rating has been limited to reaffirmation of the rating for the Non-Convertible Debentures of Rs. 3000.00 Crs at BB+Stable/Continues to be in INC, based on best available information, as the issuer did not cooperate. The matter is in the knowledge of the company and it has to revert as necessary.

NATURE OF NON-COOPERATION:

The reasons for Brickwork Ratings downgrading the rating of NLC India Limited in Oct 2023, that of inadequate information and lack of cooperation from the management of the company and lack of lender feedback, continue to be valid as on date, and as per the regulatory guidelines Brickwork Ratings continues the ratings in the Issuer Not Cooperating category.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit ratings should therefore take into account possible deterioration in the credit quality of the rated entity arising from its non-transparency withholding of information required for a review of the rating.

COMPANY's PROFILE

NCL India Limited (NLCIL) is a Navratna Public Sector Enterprise (PSE) established in 1956 and falls under the administrative control of the Ministry of Coal, the GoI, and serves as an important source of power generation to the states of Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Telangana and Rajasthan and the Union Territory of Puducherry. NLCIL operates primarily in two segments, namely, lignite and coal mining and power generation. The company also has a category I trading license. The company owns multiple lignite mines with a combined capacity of 50.10 MTPA (including Talabira mines of 20 MTPA), and thermal, as well as renewable energy power plants, with a cumulative generation capacity of 6061.06 MW (including that of NLC TamilNadu Power Ltd).

KEY FINANCIAL INDICATORS - STANDALONE

Key Parameters	Units	FY20-21	FY21-22	FY 22-23	1H FY 23-24
Result Type		Audited	Audited	Audited	Unaudited
Operating Revenue	Rs. Crs	7249.63	9856.48	12955.00	5072.33
EBITDA	Rs.Crs	1954.34	3449.09	4963.86	1698.06
Net profit	Rs. Crs	1041.79	1236.78	1248.24	1452.43
Tangible Net worth	Rs. Crs	13448.50	13453.76	14409.85	15585.01
Total Debt/Tangible Net worth	In Times	1.12	0.76	0.65	0.53
Current Ratio	In Times	1.08	1.27	1.10	1.23

KEY FINANCIAL INDICATORS - CONSOLIDATED

Key Parameters	Units	FY 20-21	FY 21-22	FY 22-23	1H FY 23-24
Result Type		Audited	Audited	Audited	Unaudited
Operating Revenue	Rs. Crs	9845.62	11945.25	16161.46	6294.02
EBITDA	Rs.Crs	2807.82	4162.87	5841.47	2028.76
Net profit	Rs. Crs	1345.44	1115.65	1426.10	1499.51
Tangible Net worth	Rs. Crs	15864.73	15990.32	17368.31	18820.04
Total Debt/Tangible Net Worth	In Times	1.72	1.38	1.28	1.16
Current Ratio	In Times	1.01	1.15	1.03	1.13

KEY COVENANTS OF THE INSTRUMENT/ FACILITY RATED: NIL

NON COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: There is no Non-Cooperation from other CRAs.

ANY OTHER INFORMATION : NA

Rating History for the previous three years (Including withdrawal and suspended)

S.No	Instrument/ Facility	Current Rating (Jan 2024)			Chronology of Rating History for the past 3 years (Rating assigned and press release date) along with outlook/watch, if applicable			
		Type (Long Term/ Short Term)	Amount (Rs. Crs)	Rating	Date(s) & Rating(s) assigned in 2023		Date(s) & Rating(s) assigned in 2022	Date(s) & Rating(s) assigned in 2021
1	NCDs	Long Term	3000.00	BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING* / reaffirmed	BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING* / Downgraded (20 Oct 2023)	BWR AAA/Stable/ ISSUER NOT COOPERATING / Reaffirmation (13 Apr 2023)	BWR AAA/ Stable Reaffirmation (10 Mar 2022)	BWR AAA/ Stable Reaffirmation (04 Mar 2021)
2	BLR Term Loans	Long Term	3060.44	BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING* / Reaffirmed and withdrawn	BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING* / Downgraded (20 Oct 2023)	BWR AAA/Stable/ ISSUER NOT COOPERATING / Reaffirmation (13 Apr 2023)	BWR AAA/ Stable Reaffirmation (10 Mar 2022)	BWR AAA/ Stable Reaffirmation (04 Mar 2021)
Total			6060.44	Rupees Six Thousand and Sixty Crores and Forty Four Lakhs Only				

* Issuer did not cooperate, based on best available information



Analytical Approach: Consolidated

COMPLEXITY LEVELS OF THE INSTRUMENTS :

Bank Loan Facilities - SIMPLE

NCDs - SIMPLE

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Power Generation- Projects**
- **Infrastructure**
- **What Constitutes Non-Cooperation**
- **Policy on Withdrawal**

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Annexure-I
Details of Bank Loan Facilities rated by BWR (now withdrawn)

S.No	Name of the Bank/Lender	Type of Facilities	Long Term (Rs. Crs)	Short Term (Rs. Crs)	Total (Rs. Crs)
1	State Bank of India	Term Loan	1260.44*	--	1260.44
2	Power Finance Corporation	Term Loan	1800.00#	--	1800.00
Total			3060.44	--	3060.44
Rupees Three Thousand and Sixty Crs and Forty Four Lakhs Only					

**SBI: The position reflects the outstanding and the undisbursed amounts*

#PFC: Outstanding as on 31 Dec 2023

Annexure-II
Instrument Details

Instrument	Issue Date	Amount* (Rs. Crs)	Coupon Rate	Maturity Date	ISIN Particulars
NCDs/Bonds	31 Jul 2020	500.00	5.34%	11 Apr 2025	INE589A08027
NCDs/Bonds	12 Feb 2021	1175.00	6.05%	12 Feb 2026	INE589A08035
NCDs/Bonds	20 Dec 2021	500.00	6.85%	13 Apr 2032	INE589A08043

**Issued and outstanding, out of Rs. 3000 Crs rated.*

Annexure-III
List of entities consolidated

Name of Entity	% Ownership	Extent of Consolidation	Rationale for Consolidation
NLC Tamilnadu Power Limited	89%	Proportionate Method	Subsidiary
Neyveli Uttar Pradesh Power Limited	51%	Proportionate Method	Subsidiary
MNH Shakti Limited	15%	Proportionate Method	Joint Venture
Coal Lignite Urja Vikash Limited	50%	Proportionate Method	Joint Venture



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