

India Ratings Affirms North Eastern Electric Power Corporation’s NCDs and Bank Loan Facilities at ‘IND AA+’/Stable and CP at ‘IND A1+’; Rates Additional Limits

Apr 10, 2026 | North Eastern Electric Power Corporation Limited | Power Generation

India Ratings and Research (Ind-Ra) has taken the following rating actions on North Eastern Electric Power Corporation Limited’s (NEEPCO) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR5,000	IND AA+/Stable	Assigned
Proposed non-convertible debentures*#	-	-	-	INR3,500	IND AA+/Stable	Affirmed
Non-convertible debenture*	-	-	-	INR10,963.50	IND AA+/Stable	Affirmed
Commercial paper	-	-	7 to 365 days	INR2,000	IND A1+	Affirmed
Bank loan facilities	-	-	-	INR17,750 (reduced from INR18,750)	IND AA+/Stable	Affirmed

* Details in Annexure

Yet to be issued

Analytical Approach

Ind-Ra continues to factor into the ratings the strong strategic and operational linkages between NEEPCO and its 100% parent, NTPC Limited ([‘IND AAA’/Stable](#)).

Detailed Rationale of the Rating Action

The affirmation reflects NEEPCO’s continued healthy scale of operations, along with the completion of renovation and modernisation (R&M) of the Khandong plant, with commercial operations starting in 2QFY26 for both the units. Furthermore, the reduction in stipulated design energy for the Kopili hydro power station and Panyor Lower hydro power station (formerly Ranganadi hydro power station) is likely to support better plant level recoveries for NEEPCO. The majority of the capacity across projects is tied up in power purchase agreements (PPAs) under the regulated equity model, except for 341MW of capacity under its largest project Kameng Hydro Power Station (Kameng). Of this, up to 300MW is tied up in a 25-year bilateral agreement with NTPC Vidyut Vyapar Nigam Limited (NVVN), which in turn has five-year agreements with Tata Power Delhi Distribution Limited and Haryana Power Purchase Centre for the sale of power. The

balance capacity of 41MW is untied and has merchant exposure. Ind-Ra will continue to monitor EBITDA generation from the tied-up capacity, and an improvement in the Ind-Ra adjusted leverage would be positive for the ratings.

The ratings remain supported by the strategic and operational linkages between NEEPCO and NTPC. In September 2025, NTPC's board approved an equity infusion of INR24.44 billion for the capex of the 186MW Tato-1 hydroelectric project (HEP), 700MW Tato-2 HEP and 240MW Heo HEP, located in Arunachal Pradesh under a 26:74 joint venture between the government of Arunachal Pradesh and NEEPCO, along with a 300MW solar power project in Rajasthan to be undertaken under NEEPCO. The company has been undertaking large capex in the hydro and renewable energy space. The aggregate planned capex of approved projects over the medium term is INR80.4 billion till FYE29, with equity commitments of around INR19.9 billion for the same period. As per NEEPCO's management, these requirements would be met out of the Arunachal Pradesh government's share, internal accruals, and the balance by NTPC. Ind-Ra expects any need-based financial support to be provided by NTPC to NEEPCO, given the latter's overall strategic importance to the government of India.

Lastly, low gas availability continues to lead to low plant load factors (PLFs) in the Agartala gas-based power station and Tripura gas-based power station, leading to marginal under-recoveries of fixed costs. Ind-Ra notes that the ongoing Middle Eastern war situation does not have an impact on NEEPCO's gas-based plants, as the gas plants are located in north east and gas is sourced from within the north eastern gas field, which is isolated from the national gas grid, and hence, not impacted by a reduction in re-gasified liquid natural gas (RLNG). The management has confirmed there has been no further reduction in gas allocation since the Middle Eastern conflict.

List of Key Rating Drivers

Strengths

- Majority PPAs for Kameng project in place
- Improvement in operational performance; reduction in under-recovery
- Completion of repairs and maintenance work at Khandong power station
- Operations under cost-plus model
- Strong linkages with parent

Weaknesses

- Large planned capex in medium term, but credit metrics to remain strong
- Exposure to state distribution companies (discoms), although supported by Late Payment Surcharge (LPS) scheme

Detailed Description of Key Rating Drivers

Majority PPAs for Kameng Project in Place: The Kameng project has PPAs for up to 28 years with seven northeastern states, along with Haryana, Uttar Pradesh and Chhattisgarh for 259MW capacity at a provisional tariff of INR4/kWh. The plant's final capital cost and tariff have not yet been approved by the Central Electricity Regulator Commission (CERC); however, in the interim, NERPC has permitted billing on a provisional basis. The balance capacity excluding 41MW has been tied up under a 25-year PPA with NVVN. Moreover, NVVN has five-year power sale agreements with Tata Power Delhi Distribution and Haryana Power Purchase Centre at a tariff of INR5.63/unit and INR5.38/unit, respectively, thereby mitigating the risk associated with open capacity. The medium-term bilateral tariff is higher than the CERC-determined tariff, ensuring better returns. While these agreements would end in FY28, management expects fresh PPAs at similar rates in line with prevalent tariffs.

However, due to these medium-term agreements, the volume of power sold on the Indian Energy Exchange reduced to 14% of the overall merchant sales (FY25: 15%; FY24: 19%) to 203million units (MUs) in 9MFY26 (229.30MUs; 285.64MUs), pertaining to only 41MW. Ind-Ra expects the plants to continue operating at healthy PLFs with the PPAs in place, but will continue to monitor the interim and final power sale arrangements for the Kameng plant.

Improvement in Operational Performance, Reduction in Under-Recovery: NEEPCO's hydro plants, including Tuirial and Doyang hydro power stations, have shown a consistent improvement in normative parameters. Post low water availability in the Tuirial and Doyang plants in FY24, hydrology has supported improved plant availability factor (PAF) from FY25. In 9MFY26, PAF was 87.41% for Tuirial plant (FY25: 73.15%), 70.67% for Doyang plant (73.16%) and 92.25%

(82.4%) for Panyor Lower plant. Moreover, the Central Electricity Regulator Commission Tariff Regulations 2024-2029 have reduced the normative PAF for the Tuirial plant to 75% from 85%, Doyang plant to 65% from 70% and Panyor Lower plant to 85% from 88%. Further, the design energy has been reduced for the Kopili and Panyor Lower plants, enabling better annual fixed recovery. The gas-based plants had lower-than-normative PAFs in 9MFY26 due to continued shortage of gas availability. Furthermore, generation was impacted by lower demand for gas-based power, due to high gas costs.

Completion of Repairs and Maintenance Work at Khandong Power Station: NEEPCO completed the entire restoration, renovation and modernisation activities at the Kopili hydro power station (200MW+23MW+46MW) by 1HFY26. Activities at the Khandong-II (23MW) completed on 20 May 2023, work at the Kopili Power Station (4x50 MW) was completed on 3 June 2024, and that at the Khandong Unit 1 (23MW) was completed on 13 July 2025. For the Unit 2 (23MW) of Khandong, repair work was completed on 22 August 2025 and the unit has been synchronised with the grid. The trial run of the same has been completed and it is commissioned in August 2025, as per the management.

The company has started selling the power at a provisional tariff of INR2.35/unit for the Kopili power station (200MW) and INR2.43/unit for the Khandong stage 2 (25MW), while the final tariff could be upwards of INR3.3/unit. Ind-Ra notes that the final tariff is quite competitive, and the renovation and modernisation will allow for a significant life extension to the plants.

Operations under Cost-plus Model: NEEPCO operates 83% of its installed capacity of 2,051MW under the cost-plus return on equity framework (16.5% post-tax for hydro plants and 15.5% post-tax for gas-based plants), outlined by the CERC. This ensures a reasonable recovery of costs, pass-through of forex risks, guaranteed return on equity and predictable cash flows, subject to meeting the normative parameters.

Strong Linkages with Parent: The strong linkages with the parent are reflected in NTPC's 100% ownership of NEEPCO following the acquisition of the government of India's (GoI) 100% share in NEEPCO for INR40 billion in March 2020. NTPC's board, in September 2025, approved INR24.44 billion for its four major projects (three hydro and one solar). The operational linkages are indicated by two representatives from NTPC being on NEEPCO's board. Also, NEEPCO aids NTPC's diversification into the northeastern states since the former accounts for around 40% of the northeastern states' power generating capacity. NEEPCO's 1,519MW of hydro capacity will also aid NTPC's renewable capacity.

Furthermore, the ratings factor in the operational support available to NEEPCO from NTPC and the GoI. The equity requirement for the under-construction projects is to be partly funded by the respective state government, and management expects that the improved cash flows at NEEPCO would be sufficient to meet the balance equity requirements; the remaining portion, if any, would be met by NTPC. Furthermore, Ind-Ra has factored in the availability of equity support for future projects, as and when required, from the sponsor. NEEPCO remains an important entity for the GoI, as reflected through the historical extension of subordinated loans (INR2.9 billion) and the grant of INR3 billion for its Tuirial project. NEEPCO further benefits from access to the tripartite agreement between the GoI (Ministry of Power), Reserve Bank of India and the state discoms. NEEPCO further draws comfort from NTPC's access to all the discoms, enabling better management of receivables.

Large Capex Planned in Medium Term, but Credit Metrics to Remain Strong: The company plans to undertake a large capex of around INR20 billion in FY27 and INR45 billion in FY28 for the under-construction projects, including three hydro projects- Tato I, Tato II and Heo - with a total capacity of 1,126MW over FY26-FY32, along with maintenance capex. NEEPCO has received Cabinet Committee on Economic Affairs approval for all three projects. This capex will require a debt tie-up to the tune of 70% in hydro and 80% in renewable. Consequently, the overall net leverage would increase from the existing levels on account of large under-construction capex and high gestation periods of hydro projects.

However, Ind-Ra adjusted leverage (operational debt/EBITDA from contracted capacities adjusted for one-time revenue), which stood at 3.2x in 9MFY26 (FY25: 4.93x; FY24: 4.78x; FY23: 5.53x), is likely to continue to be range-bound over the medium term. This remains a key rating monitorable. Any significant cost or time overrun in these assets, leading to either a disallowance of capital cost and/or a material increase in the tariff, resulting in offtake risks and/or untied capacity, would also remain a key monitorable. Lastly, Ind-Ra believes the equity requirement for the planned capex would be met internally and/or through additional funding from NTPC, if required, and debt for funding the equity portion would

not be required.

Exposure to State Discoms, Although Supported by LPS Scheme: Given the continued overall exposure to weak counterparties, NEEPCO's liquidity could come under pressure in case of a stretch in the receivables. However, as per the management, the LPS scheme notified by the Ministry of Power on 3 June 2022, is in place and is working satisfactorily, improving the overall receivable position. Furthermore, NEEPCO is also a party to the tri-partite agreement between the Reserve Bank of India, the central government and the state government ensuring direct access to funding to mitigate delays in payments from discoms. NEEPCO's receivables remained stable at INR5.7 billion in 9MFY26 (FY25: INR5.7 billion, FY24: INR8.4 billion), and out of these receivables, 67% are either unbilled or not due (less than 45 days).

Liquidity

Adequate: Ind-Ra expects NEEPCO to generate an EBITDA (including regulated assets) of INR20 billion-22 billion annually during FY27 (9MFY26: INR20.2 billion; FY25: INR21.4 billion; FY24: INR19.55 billion; FY23: INR20.9 billion), which is likely to be sufficient for the debt servicing requirement of around INR8.38 billion annually over the same period, along with an estimated annual interest cost of INR5 billion-5.5 billion. NEEPCO plans to undertake capex of INR19.59 billion in FY27 and INR45.57 billion in FY28, which would be funded in a debt-equity ratio of 70:30 for hydro projects and 80:20 for solar projects. Ind-Ra expects the equity requirements to be partially met from internal cash flow generation and the balance from sponsor infusions, if required. It incurred capex of around INR11.41 billion until January 2026. Given the capex requirement, NEEPCO could also refinance a part of the debt to elongate the maturity profile, supported by the long-tenured potential of hydro plants. NEEPCO had a free cash balance of INR1.4 billion at 9MFYE26 (FYE25: INR0.013 billion; FYE24: INR0.024 billion) and a fund-based limit of INR14 billion, with an average utilisation of 6% in the 12 months ended January 2026. Ind-Ra derives comfort from the strong parentage, which has committed to provide any kind of support, if required.

Rating Sensitivities

Positive: Successful tie-up of PPAs and/or complete pass-through of capital costs in tariff orders along with maintaining adequate liquidity, and/or strengthening of the linkages with NTPC could be positive for the ratings.

Negative: The rating can be downgraded in case of any weakening of the support from NTPC and if there is a major increase in the receivables and/or a weaker-than-expected operational performance, leading to a higher under-recovery, impacting the profitability and/or higher-than-expected debt-funded capex without long-term PPA-backed projects, leading to the Ind-Ra adjusted leverage remaining above 3.0x on a sustained basis.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on NEEPCO, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

NEEPCO, a power utility, is a wholly owned subsidiary of NTPC, primarily operating in the northeastern region of India. It is a central public sector enterprise and is conferred with the Schedule A- Miniratna Category-I central public sector enterprise status by the GoI. The CERC has approved a tariff order of all operational plants over FY19-FY24, although a true-up for the plants is still pending. NEEPCO has also filed petitions for the determination of tariff over 1 April 2024 to 31 March 2029, with respect to all the operating stations.

NEEPCO operates eight hydro power plants (1,519MW), three gas-based plants (527MW), and a solar plant (5MW) with a total installed capacity of 2,051MW. NEEPCO is a major supplier of power to all the seven north eastern states, contributing 41% to the total energy requirement in the northeastern region. It also supplies power to Uttar Pradesh, Haryana and Chhattisgarh.

Key Financial Indicators

Particulars*	FY25	FY24
Operating revenue (INR billion)	42.98	42.40
EBITDA (INR billion) (including net movement in RA)	21.44	19.56
EBITDA margin (%)	50	46
Interest coverage (x)	4.03	3.7
Ind-Ra adjusted leverage (x)	4.93	4.78
Source: NEEPCO, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (million)	Current Rating	29 August 2025	14 February 2025	16 February 2024	22 September 2023
Issuer rating	Long-term	-	-	-	-	-	WD
Non-convertible debentures	Long-term	INR14,463.5	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	-
Commercial paper	Short-term	INR2,000.00	IND A1+	IND A1+	IND A1+	IND A1+	-
Bank loan facilities	Long-term	INR22,750.00	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	-

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity- indicators>.

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
Non-convertible debentures	INE636F08066	24 March 2022	7.14	22 March 2030	INR2,000	IND AA+/Stable
Non-convertible debentures	INE636F08074	8 May 2024	7.71	8 May 2034	INR4,963.5	IND AA+/Stable
Non-convertible debentures	INE636F08082	11 March 2026	7.59	11 March 2036	INR4,000	IND AA+/Stable
Proposed non-convertible debentures					INR3,500	IND AA+/Stable
Total					INR14,463.5	
Source: NEEPCO; NSDL						

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Evaluating Corporate Governance

Corporate Rating Methodology

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

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