

AUGUST 05, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF INDIA POWER CORPORATION LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	352.0 (enhanced from 317.0)	CARE A+ (Single A plus)	Reaffirmed
Short Term Bank Facilities	131.0 (reduced from 186.0)	CARE A1+ (A One plus)	Reaffirmed
Total Facilities	483.0		
Outstanding NCD issue	120.0	CARE A+ (Single A plus)	Reaffirmed
Proposed Long term borrowing/NCD issue	180.0	CARE A+ (Single A plus)	Reaffirmed
Short Term Debt (including Commercial Paper)*	50.0	CARE A1+ (A One plus)	Reaffirmed
Total Instruments	350.0		

*carved out of fund based working capital limit

Rating Rationale

The ratings of India Power Corporation Ltd. (IPCL) continues to draw strength from the long business experience & successful track record of the promoters, low business risk due to regulated operation, low Transmission & Distribution (T&D) loss, fully metered supply with excellent collection efficiency and satisfactory profitability over the years. However, the ratings are constrained by low captive power generation capacity leading to dependence on external sourcing of power, exposure to regulatory risks, risks associated with implementation of ongoing expansion projects, exposure in group companies and moderate capital structure.

Better utilization of existing T&D network, finalization of tariff by WBERC in a timely manner and investment in group companies are the key rating sensitivities.

Background

IPCL [erstwhile DPSC Ltd (DPSC)] is currently engaged in transmission & distribution of power across its licensed area; spread over 618 sq. km across Asansol to Ranigunj industrial belts of West Bengal. IPCL has a distribution network of 250 MVA into three circles (Dishergarh, Seebpore and Luchipur). IPCL was a licensee under the provisions of the Indian Electricity Act, 1910 (since repealed) and had become a deemed licensee in terms of the first provision to section 14 of the Act. It is currently operating as per the provisions of the West Bengal Electricity Regulatory Commission (WBERC) Regulations, 2011.

In 2010, Kanoria family of Kolkata-based SREI Group acquired DPSC through its investment company, India Power Corporation Ltd (erstwhile IPCL) from Andrew Yule & Co. Ltd. In 2013, erstwhile IPCL got merged into DPSC and subsequently DPSC name was changed to IPCL.

In FY15, IPCL achieved PAT (after defd tax) of Rs.24.2 crore (Rs.29.2 crore in FY14) on a Total Operative Income of Rs.627.4 crore (Rs.694.5 crore in FY14).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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