



Press Release

India Power Corporation Limited

March 28, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	85.88	IVR BBB- /Negative (IVR Triple B Minus with Negative Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	5.64	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
Proposed Long Term/Short Term Bank Facilities	0.48	IVR BBB- /Negative; IVR A3 (IVR Triple B Minus with Negative Outlook; IVR A Three)	-	Rating Assigned	Simple
Total	92.00	(Rupees Ninety-Two Crore Only)			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating to the bank facilities of India Power Corporation Limited (IPCL). The ratings are supported by consistent operational performance, stable financial risk profile and experienced promoters and management team, However, these rating strengths are partially offset by regulatory risk and ongoing litigations.

The Negative outlook reflects any adverse outcome of the pending litigation case, or any action taken by the lenders, that may have a bearing on the credit risk profile of IPCL



Press Release

Key Rating Sensitivities:

Upward Factors

- A substantial improvement in the company's revenue and profitability on a sustainable basis

Downward Factors

- Substantial deterioration in the operational performance.
- Negative impact of ongoing litigations on the financial or business profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Consistent operational performance

India Power Corporation Limited (IPCL) is a 106-year-old electricity distribution licensee in the Asansol-Raniganj region of the State of West Bengal (India) with an area spread across 798 sq.km. Under its license area, IPCL is distributing ~900 million units (mu) of electricity sales per annum to medium-large scale industries, government utilities, mines, railways, commercial utilities, hospitals and domestic consumers.

With continuous upgradation of the infrastructure IPCL has been able to provide uninterrupted power supply and seamless service to the consumers. As such, the company has maintained a Reliability Index to the tune of about 99% for the past 10 years, as against the threshold reliability index determined by WBERC of 98%. As major customers are Industrial and commercial clients, their power requirement is at high tension which leads to a reduction in power transmission loss due to the supply of power at higher voltage compared to low-tension customers. The HT line consumers contributed around ~95% of the revenue from regulated businesses while the remaining 5% came from LT line consumers over the last five years. IPCL has improved AT&C losses through upgradation & maintenance of distribution network from 4.32% in FY22 to 4.10% (FY refers to period from April 1 to March 31)



Press Release

IPCL has deployed 100% Advance Metering Infrastructure (AMR) technology for all its HT customers in its licensee operations. Collection efficiency has been healthy at 97% in FY24 supported by digital collection mechanism.

Stable financial risk profile

IPCL distributes power in licensed area of 798 sq. km. and cost-plus nature of its business with assured return supports the stable financial risk profile over last three years. Latest tariff order for IPCL has been approved in January 2025 for the year 2023-24, 2024-25 and 2025-26.

Total operating income of the company has increased at CAGR of 9.76% during FY21 to FY24. Overall gearing remained satisfactory and has improved from 0.48x as on March 31, 2023, to 0.34x as on March 31, 2024.

Experienced promoters and management team

IPCL, originally established in 1919 became part of Kolkata based Kanoria family in the year 2010. The company's management team has extensive experience in diverse industries. Mr. Raghav Kanoria is Managing Director of the company. Mr. Somesh Dasgupta is the Whole Time Director of the company who has 30+ years of experience in the power sector along with Mr. Debashish Bose as Executive Director.

Key Rating Weaknesses

Regulatory risk

Power distribution is a highly regulated industry. Tariffs are set by the West Bengal Electricity Regulatory Commission (WBERC). Each year, the distribution company submits an Annual Performance Review (APR) to WBERC, covering fixed costs and Fuel and Power Purchase Cost Adjustment (FPPCA) for variable costs. Some variable costs are recovered monthly through the Monthly Variable Cost Adjustment (MVCA) mechanism. WBERC also sets operational and financial benchmarks, and deviations can result in disallowances. The company faces regulatory risk, as WBERC may disallow certain accruals. While the company actively monitors regulatory changes and their potential impact, these changes can still affect operations and margins, particularly when tariff



Press Release

orders are pending. On January 21, 2025, WBERC issued its tariff order for the years 2023-24, 2024-25, and 2025-26.

Ongoing Litigations

There are ongoing litigations with respect to the corporate guarantee issued by IPCL in favour of lenders of Meenakshi Energy Limited (MEL). The company had acquired a ~95% stake in Meenakshi Energy Limited. MEL went into financial stress and the corporate guarantee was invoked by lenders. WBERC did not allow IPCL to issue corporate guarantee to any funding agencies. The National Company Law Tribunal (NCLT) has rejected the Section 7 application filed by lender against IPCL as the corporate guarantor. The lender has appealed against the decision in the National Company Law Appellate Tribunal (NCLAT) Chennai and thereafter Supreme Court of India. The matter is now pending before the National Company Law Appellate Tribunal (NCLAT) Chennai, with further proceedings in the Supreme Court of India.

Also, as per the NCLT filing by the administrator of SREI Equipment Finance Limited (SREI), IPCL's name has been included along with few other borrowers, from whom SREI has asked for refund of the amount due, or amount found to be outstanding from these entities as articulated by IPCL's management no such liability is outstanding. Both the above legal matters are yet to be resolved.

Any adverse outcome of any of these will impact the credit profile of IPCL adversely and would be key monitoring factors.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Criteria on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)



Press Release

Liquidity – Adequate

The company has adequate cash accruals of Rs. 43.76 crore in FY24 to pay its debt obligations of Rs. 25.46 crore during that year. Working capital utilization is almost 80% in the past 12 months ended December 31, 2024. Cash and cash equivalents of Rs. 30.56 crore as on March 31, 2024. Current ratio is at moderate level of 1.02x in FY24.

About the Company

India Power Corporation Limited (IPCL) originally named DPSCCL was incorporated in 1919 and was owned by Andrew Yule & Co. Ltd. In January 2010, erstwhile IPCL (belonging to the Kanoria family) acquired 93% stake in DPSCCL. Subsequently, in August 2013, IPCL was merged into DPSCCL through reverse merger and the merged entity was named as IPCL. IPCL is operating in the Asansol-Raniganj industrial belt of West Bengal. It distributes electricity to a connected load of around 250 MVA across three circles: Dishergarh, Seebpore, and Luchipur. While IPCL used to be a licensed distributor under the old Electricity Act, it now operates under the regulations of the West Bengal Electricity Regulatory Commission.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	667.67	642.91
EBITDA	57.35	55.55
PAT	13.61	15.09
Total Debt	279.85	207.14
Tangible Net Worth	589.01	603.50
EBITDA Margin (%)	8.59	8.64
PAT Margin (%)	1.96	2.24
Overall Gearing Ratio (x)	0.48	0.34
Interest Coverage (x)	1.51	1.71

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



Press Release

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Date (Month XX, 20XX)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Long Term Fund Based Bank Facilities	Long Term	85.88	IVR BBB-/ Negative		-	-
2.	Short Term Non - Fund Based Bank Facilities	Short Term	5.64	IVR A3		-	-
3.	Proposed Long Term/Short Term Bank Facilities	Long Term/Short Term	0.48	IVR BBB-/ Negative; IVR A3		-	-

Analytical Contacts:

Name: Jyotsna Gadgil

Tel: (020) 69015332

Email: jyotsna.gadgil@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



Press Release

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	March 2026	1.47	IVR BBB-/Negative
Term Loan	-	-	-	September 2025	5.00	IVR BBB-/Negative
ECLGS	-	-	-	January 2028	1.41	IVR BBB-/Negative
ECLGS	-	-	-	December 2027	1.68	IVR BBB-/Negative
ECLGS	-	-	-	March 2028	7.66	IVR BBB-/Negative
Cash Credit	-	-	-	-	64.61	IVR BBB-/Negative
Bank Guarantee	-	-	-	-	5.64	IVR A3



Press Release

Proposed	-	-	-	-	0.48	IVR BBB-/Negative; IVR A3
----------	---	---	---	---	------	------------------------------

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-IndiaPower-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.