



## CREDIT UPDATE

16 July 2025

### INDIA POWER CORPORATION LIMITED

#### Particulars:

Facility**	Amount		Tenure	Rating Outstanding^ (22 Nov 2024)
	Previous	Present		
Fund Based	93.62	<b>93.62</b>	Long Term	<b>BWR BBB- Rating Watch with Negative Implications</b>
Non-Fund Based	5.64	<b>5.64</b>	Short Term	<b>BWR A3 Rating Watch with Negative Implications</b>
<b>Total</b>	99.26	<b>99.26</b>	<b>Rupees Ninety Nine Crores and Twenty Six Lakhs Only</b>	

^Please refer to the BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*\* Details of the instrument and rated bank loan facilities are provided in Annexure I

The credit update is to decipher the recent developments in IPCL and BWR's assessment of the impact on the recent financial results. The Q1FY26 unaudited financial results were published on 07 Jul 2025. Earlier, the company concluded its voting dated 28th Jun 2025 regarding the sale of its non-regulated business (NRB) to its wholly-owned subsidiary, IPCL Power Limited (IPCL Power), through a business transfer agreement (BTA) via a slump sale. The BTA was executed for a purchase consideration of Rs. 18,53,14,750 in the form of 1,85,31,475 equity shares of face value Rs. 10 each, fully paid up, issued and allotted by IPCL Power. IPCL's NRB is constituted of all other business activities which are beyond the regulatory framework of the West Bengal Electricity Regulatory Commission (WBERC). BWR is in the process of obtaining all relevant clarification, as well as the auditors' inputs about the impact of the transaction on the company's financials. As per the company, the detailed auditors' comments will form part of the annual report, which is in the process of being finalised and will be made available publicly in due course.

BWR will seek to address some of the issues, such as auditors' insights and comments on the impact of the BTA and the recognition of the related loss on the overall financials of the company, as it may have an impact on the net worth. Other factors such as details of liability transferred, appropriateness of asset revaluation and impact of BTA on collateral structure of the company's sanctioned credit facilities.



BWR notes that the company disclosed about the transfer of its litigations pertaining to the NRB along with its assets and liabilities, to IPCL Power, w.e.f. 28 Jun 2025. However, the details about the requirement of consent, if any, from the counterparties or adjudicating authorities to those litigations are not made available. The transferred litigations also include one initiated by the Administrator of SREI Equipment Finance Ltd (SEFL) before the Hon'ble NCLT, Kolkata Bench.

BWR, however, notes that the company's Q1FY26 standalone unaudited financial performance has been satisfactory. The impact of the BTA has been recognised as an exceptional loss in the P&L Statement. BWR also notes that prima facie, there has been no impact on the company's revenue generation ability and operational performance parameters due to the BTA.

The ratings continue to remain on credit watch with negative implications following the announcement made by SREI Infrastructure Finance Ltd that the Administrator of SREI Equipment Finance Ltd (SEFL) received an initial report from the transaction auditor, BDO India LLP (BDO), indicating that there were certain transactions of a fraudulent nature, as per Section 66 of the Code.

BWR takes note of the company's submission that the litigation has been transferred to IPCL Power as a result of the BTA of its NRB. BWR will seek further clarity from the company on this matter and other points previously raised, closely monitor related developments, review the disclosures in the FY25 Annual Report, and take appropriate rating action — including resolving the rating watch — once it attains sufficient clarity on these aspects.

## KEY RATING DRIVERS

### Credit Strengths:-

- **Experienced management team and demonstrated track record:**

IPCL has been operational since 1919 with a long-standing track record in the power distribution business. The Company supplies at various voltage levels, including 132kV, 33kV, 11kV and 440V in its licence area of 798 square kilometres in the Asansol-Raniganj region of West Bengal to varied industries and utilities, both government and private sector. It is also involved in power generation in the thermal, as well as wind and solar energy sectors. The company has an experienced management team with knowledge & expertise in varied industries and sectors.

- **High operational efficiency of the distribution business:**

The company's core revenue comes from the power distribution business in the Asansol region. The connected load increased from 258 MVA in FY22 to 271 MVA in FY24, with the addition of 1,156 new consumers in FY24. It sold 893.46 MU of power in FY25 compared to 917.43 MU in FY24. Furthermore, the company has maintained high operational efficiencies in the distribution business, with AT&C losses at ~3.77%, T&D losses at 3.11%, and a collection efficiency of ~99% in FY25. A high proportion of



industrial customers (~95%) in its overall customer base also helps the company maintain low AT&C loss and high collection efficiency.

- **Stable financial risk profile:**

The company's total operating income (adjusting for regulatory income/expenses) marginally declined from Rs. 642.92 Crs. in FY24 to Rs. 631.12 Crs. in FY25. In FY25, the EBITDA and PAT were at Rs. (45.79) Crs. (FY24: Rs. 55.69 Crs.) and Rs. 4.22 Crs. (FY24: Rs. 15.09 Crs.), respectively. The total debt of the company declined from Rs. 207.14 Crs. on 31 Mar 2024 to Rs. 150.74 Crs. on 31 Mar 2025. As per Q1FY26 unaudited standalone financials, the company's total operating income, EBITDA, and PAT were at Rs. 166.45 Crs., Rs. 13.83 Crs., and Rs. (241.46) Crs., respectively.

### **Credit Risks:**

- **Regulatory risks:**

Power distribution is a highly regulated business. The tariff is determined by the WBERC's tariff orders. At the end of the financial year, the 'Annual Performance Review' (APR) petition for fixed cost and Fuel and Power Purchase Cost Adjustment (FPPCA) for variable cost is submitted to WBERC by the company. Certain variable cost components are allowed to be recovered on actuals as 'monthly variable cost adjustment' (MVCA). Additionally, the tariff regulation prescribes various normative operational and financial parameters for the company. Any variation thereof may lead to disallowances. The company is also exposed to regulatory risk to the extent that accruals may be disallowed on assessment by the regulator. The company continuously monitors the regulatory pronouncements and decisions that directly impact its business activities and quantifies the associated risks to the extent possible. Nevertheless, the changes in regulation are likely to impact the business operations of the company, and under recovery arising from the pending tariff orders by WBERC will impact the company's margins. However, the company has informed that the tariff orders from WBERC have been updated.

- **Moderate scale and competition from incumbents:**

Due to open access regulations, the company faces demand uncertainty and the possibility of existing customers approaching its competitors for direct purchase of power. In its licensed area, the company has a moderate scale of operations and predominantly competes with public sector utilities, having a larger distribution network and scale. However, due to its efficient distribution and ~99% reliability, the company has been able to attract the majority of new customers under its distribution license area. The company's total customer base increased to 10,770 in FY25.

- **Project execution risk and planned debt-funded capex:**

The company has received a Letter of Award (LOA) for Solar Power Developer (SPD) for solar photovoltaic power generating stations of an aggregate capacity of 133 MW (AC) under Mukhyamantri Saur Krushi Vahini Yojana 2.0 in Maharashtra. The project is to



construct solar power plants of 133 MW with an estimated investment of ~Rs. 650 Crs. on 26 identified sites in four districts of Maharashtra and operate, maintain, and supply power for 25 years under a long-term PPA. The project is to be executed through a newly incorporated subsidiary of IPCL, namely Parmeshi Urja Limited. The company is also planning to undertake transmission capacity expansion in the 400 kV line category in the Asansol region at a capex of ~Rs. 200 Crs. for the offtake of renewable energy of 100 MW under the PPA executed with Solar Energy Corporation of India (SECI). The timeframe of this capex is 18-24 months, and it will primarily be funded through debt. As per WBERC Regulation, the company shall be eligible for capital cost recovery of the proposed project through an additional tariff. Nevertheless, the solar project and the transmission line project lead to project execution risks associated with such projects. Moreover, the debt component of the funding will lead to an increase in the debt level with a subsequent increase in the debt servicing obligations.

- **Ongoing litigations:**

BWR continues to take note of the company's ongoing litigation with respect company's Corporate Guarantee in favour of lenders of Meenakshi Energy Limited (MEL). The company had acquired ~95% stake in Meenakshi Energy Limited (MEL) in FY17 and ~92.75% shareholding in MEL stood pledged to its lenders. Post MEL going into financial stress, the pledged shares were transferred to the account of the SBICAP Trustee. An application was filed by the SBI against MEL under section 7 in the NCLT, Hyderabad in FY22. NCLT did not consider that the transfer of the pledged shares constituted a sale and admitted MEL into CIRP in Nov'19. Subsequently, in the Appeal, NCLAT held that SBICAP Trustee had become the beneficial owners of the pledged shares. However, NCLAT did not hold that as a consequence, the loan of the lenders had been discharged. IPCL has filed an appeal before the Hon'ble Supreme Court of India on the question of law whether the debt stood discharged, and the same is under consideration. Post the initiation of the Corporate Insolvency Resolution Process (CIRP) in respect of MEL, it ceased to be a subsidiary of IPCL. NCLT, Hyderabad Bench vide its order dated 10 Aug 2023 has approved the Resolution Plan in respect of the CIRP of MEL.

The company has a claim on account of the valuation of shares of MEL, which was invoked by SBICAP Trustee on 02 May 2018, for which a suit has been filed before the Commercial Court, Alipore. Pending the outcome of the said suit, the company is considering the value of receivables (Rs. 37.53 Crs.) from MEL as good.

IPCL had given a Corporate Guarantee of Rs. 2844.45 Crs. on 23 Sep 2016 in favour of lenders of MEL for the outstanding loan amount (~Rs. 2800 Crs. as on 31 Mar 2019) subject to WBERC approval. WBERC declined the approval vide their letter dated 10 Nov 2017, which was accordingly intimated to the lenders. Accordingly, the lenders of MEL were informed that the Corporate Guarantee given earlier was void. SBI, one of the lenders of MEL, filed an application before NCLT, Hyderabad against IPCL on 24 Aug 2021 in its



capacity as a Corporate Guarantor of MEL u/s 7 read with Section 60(2) of The Insolvency and Bankruptcy Code (IBC), 2016 specifying Rs. 500.48 Crs. as the amount of default. The SBI's application was rejected by NCLT, Hyderabad on 30 Oct 2023. SBI filed an appeal against the NCLT order dated 30 Oct 2023 before the Hon'ble National Company Law Appellate Tribunal (NCLAT), Chennai. That appeal was also dismissed on 09 Jul 2024. Upon an appeal filed by SBI before the Hon'ble Supreme Court, on 14 Feb 2025, the case was returned before NCLT, Hyderabad, for consideration of application u/s 7 of IBC, 2016 afresh. The same is pending adjudication.

### **ANALYTICAL APPROACH - Standalone**

To arrive at the rating, BWR has analysed the operational and financial profile of the company on a standalone basis, keeping in view the insignificant revenue contribution from the other entities. FY25 consolidated audited financial statements of the company include the results of the following three subsidiaries and three joint ventures: IPCL Pte. Ltd., IPCL Power Limited (erstwhile Parmeshi Energy Limited), MP Smart Grid Private Limited, MP Smart Metering Private Limited, Parmeshi Urja Limited, and DPSC Distribution Limited (six subsidiaries); India Uniper Power Services Private Limited, Arka Energy B.V., Arkeni Solar sh.p.k (three joint ventures). Their aggregate contribution to the FY25 consolidated revenue was ~3%.

### **RATING SENSITIVITIES**

#### **Upward:**

- A substantial improvement in the company's revenue and profitability on a sustainable basis, on account of a sustained decline in the average power purchase cost and consistent addition of new customers.
- Settlement of ongoing litigations in the company's favour.

#### **Downward:**

- Substantial deterioration in the operational performance, a decline in the scale of operations and profitability of the company on a sustainable basis.
- Negative impact of ongoing litigations on the financial or business profile.
- Higher than expected debt-funded capex leading to strain on liquidity position.
- Any adverse ruling against the company in the ongoing legal matters, impacting the business and financial risk profile of the company.
- The adverse impact of any change in the regulatory regime on the financial or business profile.

### **LIQUIDITY POSITION - Adequate**

The company's liquidity continues to remain adequate with operating profit and net cash accruals adequately covering the finance cost and the repayment obligations, and a moderate current ratio and cash & cash equivalents as of 31 Mar 2025. In FY25, the company generated net cash accruals of Rs. 33.82 Crs. against repayment obligations of Rs. 22.35 Crs. The current ratio is at a moderate level of ~1.38 times on 31 Mar 2025. Cash & cash equivalents on 31 Mar 2025 were Rs. 36.19 Crs.



## ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power Distribution

India Power Corporation Limited (IPCL), formerly known as DPSC Ltd., was incorporated in 1919 and is one of the oldest power utility companies in India. It is an ISO 9001:2015 entity and an NSE and MSEI-listed company. In 2010, the Kanoria Family of Kolkata acquired DPSC Ltd. and subsequently, the company's name was changed to IPCL. The company has a power distribution licence in Asansol, West Bengal, over an area under the management of 798 sq. km.

Mr. Raghav Raj Kanoria is the Managing Director of the company.

## KEY FINANCIAL INDICATORS

Key Financial Parameters	Unit	FY23 (A)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Revenue from Operations	Rs. Crs.	667.68	642.92	631.12	166.45
EBITDA	Rs. Crs.	57.53	55.69	-45.79	13.83
PAT	Rs. Crs.	13.61	15.09	4.22	-241.46
Tangible Net Worth	Rs. Crs.	589.01	603.50	-	-
Total Debt/TNW	Times	0.48	0.34	-	-
Current Ratio	Times	1.31	1.39	1.38	-

Note: Revenue from operations is post-adjusting for regulatory income/expenses. TNW is excluding the revaluation reserves. A = Audited. UA = Unaudited.

**KEY COVENANTS OF THE INSTRUMENT RATED:** The terms of sanction include standard covenants normally stipulated for such facilities.

**NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:** Not Applicable

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]:**

Instrument/ Facility	Current Rating (Nov 2024)			Rating History					
	Tenure	Amount (Rs. in Crs)	Rating	2023		2022		2021	
				Date	Rating	Date	Rating	Date	Rating
Fund Based Facilities	Long Term	93.62	BWR BBB- Rating Watch with Negative Implications Reaffirmation	31 Aug 2023	BWR BBB- Rating Watch with Negative Implications	18 Apr 2022	BWR A-/Stable (Reaffirmation)	05 Mar 2021	BWR A-/Stable (Reaffirmation)
						12 Jul 2022	BWR BBB- Rating Watch with Negative Implications	NA	NA



						28 Dec 2022	BWR BBB- Rating Watch with Negative Implications	NA	NA
Non Fund Based Facility	Short Term	5.64	BWR A3 Rating Watch with Negative Implications Reaffirmation	31 Aug 2023	BWR A3 Rating Watch with Negative Implications Reaffirmation	18 Apr 2022	BWR A2	05 Mar 2021	BWR A2 (Reaffirmation)
						12 Jul 2022	BWR A3 Rating Watch with Negative Implications	NA	NA
						28 Dec 2022	BWR A3 Rating Watch with Negative Implications	NA	NA
NCD Instrument	Long Term	-	NA	NA	NA	18 Apr 2022	BWR A-/Stable (Reaffirmation)	05 Mar 2021	BWR A-/Stable (Reaffirmation)
						12 Jul 2022	BWR BBB- Rating Watch with Negative Implications	NA	NA
						28 Dec 2022	Withdrawal on full redemption	NA	NA
<b>Total</b>		<b>99.26</b>	<b>Rupees Ninety Nine Crores and Twenty Six Lakhs Only</b>						

#### HYPERLINK/REFERENCE TO APPLICABLE CRITERIA

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Power Distribution Utilities](#)
- [Short Term Debt](#)

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**INDIA POWER CORPORATION LIMITED**  
**ANNEXURE I: DETAILS OF BANK FACILITIES RATED**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Amount (Rs. Crs.)	Complexity of the Instrument*
1	IDBI Bank	Cash Credit	5.86	-	5.86	Simple
2		GECL 2.0	2.33	-	2.33	Simple
3	South Indian Bank	Cash Credit	6.50	-	6.50	Simple
4		Term Loan	11.31	-	11.31	Simple
5		Bank Guarantee/ Letter of Credit	-	5.64	5.64	Simple
6	RBL Bank	Cash Credit	40.00	-	40.00	Simple
7		GECL 2.0	10.85	-	10.85	Simple
8	Axis Bank	Cash Credit	9.00	-	9.00	Simple
9		GECL 2.0	1.93	-	1.93	Simple
10		Bank Guarantee (sub-limit of Cash Credit)	-	(0.02)	(0.02)	Simple
11	Union Bank of India	Term Loan	1.69	-	1.69	Simple
12	IREDA	Term Loan	4.15	-	4.15	Simple
<b>Total</b>		<b>Rupees Ninety Nine Crores and Twenty Six Lakhs Only</b>			<b>99.26</b>	

**Note:** Term loan and GECL 2.0 amounts outstanding as of 30 Sep 2024.

\*For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**ANNEXURE II - DETAILS OF RATED BONDS/NCDs**

Instrument	Issue Date	Amount (Rs. Crs.)	Coupon Rate	Maturity Date	ISIN Particulars	Complexity of the Instrument*
Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total	Nil	Nil			

\*For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)



**ANNEXURE-III**  
**List of Entities Consolidated**

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

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