



## Rating Rationale

12 July 2022

### India Power Corporation Limited

Brickwork Ratings downgrades the rating for the Bank Loan Facilities aggregating Rs. 219.51 Crores and NCD Issue amounting to Rs. 4.00 Crores of India Power Corporation Ltd.

#### Particulars:

| Facility**     | Amount   |               | Tenure   | Ratings*                    |   |
|----------------|----------|---------------|--|-----------------------------|---|
|                | Previous | Present       |  | Previous (April 2022)       | Present   |
| Fund Based     | 212.20   | <b>212.20</b> | Long Term  | BWR A- Stable Reaffirmation | <b>BWR BBB- Credit Watch with Negative Implications</b> |
| Non-Fund Based | 7.31     | <b>7.31</b>   | Short Term   | BWR A2 Reaffirmation        | <b>BWR A3 Credit Watch with Negative Implications</b>   |
| <b>Total</b>   | 219.51   | <b>219.51</b> | <b>Rupees Two Hundred Nineteen Crores and Fifty One Lakhs Only</b> |                             |   |

| Instruments** | Amount   |             | Tenure                         | Ratings*                    |   |
|---------------|----------|-------------|--------------------------------|-----------------------------|---|
|               | Previous | Present     |                                | Previous (April 2022)       | Present   |
| NCD Issue     | 4.00     | <b>4.00</b> | Long Term                      | BWR A- Stable Reaffirmation | <b>BWR BBB- Credit Watch with Negative Implications</b> |
| <b>Total</b>  | 4.00     | <b>4.00</b> | <b>Rupees Four Crores Only</b> |                             |   |

\*Please refer to 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 and Annexure-II

#### Rating Action / Outlook

Brickwork Ratings (BWR) downgrades the ratings assigned to the non-convertible debenture (NCD) issue and bank loan facilities of India Power Corporation Ltd (IPCL or the company) in view of the recent announcement made by SREI Infrastructure Finance Ltd that the Administrator of SREI Equipment Finance Ltd (SEFL) received an initial report from BDO India LLP (BDO),



indicating that there are certain transactions which are fraudulent in nature, as per Section 66 of the Code. Basis the investigation and observations of BDO, the Administrator has filed an application in respect of disbursements made to certain entities, referred to as the Power Trust group of entities, before the Kolkata bench of the National Company Law Tribunal (NCLT) under Section 60(5) and Section 66 of the Code on June 10, 2022. The application has been filed against 14 respondents, including India Power Corporation Limited and certain other entities as reported by BDO. As per the report, the concerned transactions occurred during FY2020 to FY2021. The preliminary estimate places the monetary impact of the concerned transactions at approximately Rs. 2512.06 Crs, as being the amount outstanding in the books of the SEFL as on June 30, 2019 and additionally Rs. 513.67 Crs being the amount considered as due and outstanding towards notional loss to the Company on account of fraudulently charging lower rate of interest to certain entities referred to in the application.

The ratings are also being kept under watch with negative implications since more details regarding the transactions are expected to be given by the Administrator on receipt of further information since this is a preliminary report.

The ratings are also constrained due to the company's exposure to regulatory risk as power distribution is a regulated business with tariffs being determined by WBERC.

BWR will keep a track of developments in this regard and shall review the rating as when further information is available in this regard and greater clarity emerges.

For other details on the rating, please refer to our rationale published on 18 April 2022 at the given link: [India Power Corporation Ltd](#)

### Company Profile

India Power Corporation Limited (IPCL), formerly known as DPSC Limited, 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, Kanoria Family of Kolkata acquired DPSC Ltd and subsequently the company's name was changed to IPCL. The company has a power distribution license in Asansol, West Bengal, over an area under management of 618 sq. km. In addition, the company operates a 12 MW thermal power plant located at Dishergarh in Asansol and a 24.80 MW wind energy plant in Gujarat.

### Key Financial Indicators: Standalone

| Key Financial Parameters | Unit    | FY20 (A) | FY21 (A) | FY22 (A) |
|--------------------------|---------|----------|----------|----------|
| Revenue from Operations  | Rs. Crs | 481.11   | 500.03   | 560.04   |
| EBITDA                   | Rs. Crs | 51.84    | 83.15    | 9.48     |
| PAT                      | Rs. Crs | 16.69    | 26.66    | 16.14    |
| Total Debt               | Rs. Crs | 355.38   | 294.29   | 327.78   |
| Tangible Net Worth       | Rs. Crs | 1175.47  | 1199.22  | 947.82   |
| Total Debt/TNW           | Times   | 0.30     | 0.25     | 0.35     |

**Note:** BWR has applied its methodology while calculating the key indicators

**Key Covenants Of The Instrument Rated: NA**

**Non-cooperation With Previous Rating Agency If Any: NA**

**Rating History for the last three years (Including ratings withdrawn/suspended):**

| Instrument            | Current Rating |               |  | Rating History |               |               |   |
|-----------------------|----------------|---------------|--|----------------|---------------|---------------|---|
|                       | Tenure         | Amount        | Rating   | 2022           | 2021          | 2020          | 2019  |
| <b>Fund Based</b>     |                |               |  |                |               |               |   |
| CC                    | Long Term      | 113.38        | BWR BBB-Credit Watch with Negative Implications                    | BWR A-/Stable  | BWR A-/Stable | BWR A-/Stable | BWR A/Rating under Watch with Developing Implications   |
| TL                    |                | 99.02         |  |                |               |               |   |
| <b>Non-Fund Based</b> |                |               |  |                |               |               |   |
| LC/BG                 | Short Term     | 7.31          | BWR A3 Credit Watch with Negative Implications                     | BWR A2         | BWR A2        | BWR A2        | BWR A2+/Rating under Watch with Developing Implications |
| <b>Total</b>          |                | <b>219.51</b> | <b>Rupees Two Hundred Nineteen Crores and Fifty One Lakhs Only</b> |                |               |               |   |
| <b>NCD Issue</b>      |                |               |  |                |               |               |   |
| NCD                   | Long Term      | 4.00          | BWR BBB-Credit Watch with Negative Implications                    | BWR A-/Stable  | BWR A-/Stable | BWR A-/Stable | BWR A/Rating under Watch with Developing Implications   |
| <b>Total</b>          |                | <b>4.00</b>   | <b>Rupees Four Crores Only</b>                                     |                |               |               |   |

**Complexity Levels Of The Instruments: Simple**

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

**Hyperlink/Reference to applicable Criteria**

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

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**Annexure I**  
**Details of NCD Issue**

| Instrument | Issue Date  | Amount (Rs. Crs) | Coupon | Maturity Date | ISIN         | Rating  |
|------------|-------------|------------------|--------|---------------|--------------|---|
| NCD        | 19-Sep-2012 | 4.00             | 12%    | 19-Sep-2022   | INE360C07104 | BWR BBB-<br>Credit Watch<br>with Negative<br>Implications |

**Annexure II**  
**Details of Bank Facilities Rated**

| Lender              | Particulars | Tenure     | Amount (Rs. Crs) |
|---------------------|-------------|------------|------------------|
| IDBI                | CC          | Long Term  | 14.76            |
| IDBI                | TL          | Long Term  | 13.76            |
| South India Bank    | CC          | Long Term  | 43.00            |
| South India Bank    | TL          | Long Term  | 36.17            |
| South India Bank    | NFB         | Short Term | 7.31             |
| RBL                 | CC          | Long Term  | 40.00            |
| RBL                 | TL          | Long Term  | 30.64            |
| Axis Bank           | CC          | Long Term  | 15.42            |
| Axis Bank           | TL          | Long Term  | 5.06             |
| Union Bank of India | TL          | Long Term  | 4.24             |
| IREDA               | TL          | Long Term  | 9.15             |
| <b>Total</b>        |             |            | <b>219.51</b>    |



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