

June 15, 2010

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF INTERNATIONAL POWER CORPORATION LTD

Ratings

Facilities/Instruments	Amount (Rs. cr)	Ratings	Remarks
Long-term Bank Facilities	19.61	'CARE BBB+' (Triple B Plus)	Reaffirmed
Total Facilities	19.61		

Rating Rationale

The rating factors in promoters' and senior management executives' rich experience in the power generation industry, assured offtake agreements with Karnataka Power Transmission Corporation Limited (KPTCL) and consistent operational performance due to availability of water. The rating is constrained by the nature of business which is dependent on the vagaries of monsoon, IPCL's relatively small size of operations, a decline in generation of power in FY09 and 9MFY10 and high exposure to subsidiary companies. Going ahead, good monsoon for power generation for IPCL and its wholly-owned subsidiaries, prompt payment by KPTCL and timely execution of projects under implementation (wholly-owned subsidiaries) will be key rating sensitivities.

Company Profile

IPCL was promoted in 1992 by Mr. George Sakellaris, an American resident having 35 years of experience in the power sector. IPCL is engaged in generation of power through Mini Hydro Power route and has implemented 18 MW (6MW*3 units) mini hydel power project across the Kemphole stream in Karnataka. The electricity generated is exported to KPTCL for which IPCL has entered into a Power Purchase Agreement (PPA) with KPTCL. IPCL has three wholly-owned subsidiaries, which are also into hydel power generation, of which two have already commissioned operations.

On a total income of Rs.16 cr, IPCL earned net profit of Rs.9 cr in FY09. The overall gearing ratio as on March 31, 2009 was 0.36x and interest coverage ratio was 4.06x in FY09. During H1FY10, the company achieved PAT of Rs.2.6 cr against net sales of Rs.6.4 cr.

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