

March 20, 2024

Karnataka Power Corporation Limited: Change in limits

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund-based term loan	16,609.42	19,922.62	[ICRA]BB (Stable); outstanding
Long term – Fund-based cash credit	978.50	978.50	[ICRA]BB (Stable); outstanding
Long term – Non-fund based	194.00	194.00	[ICRA]BB (Stable); outstanding
Short term – Fund-based – Short-term loan	16,720.20	13,407.00	[ICRA]A4; outstanding
Total	34,502.12	34,502.12	

*Instrument details are provided in Annexure-1

Rationale

This rationale is being released to convey the change in the rated limits as depicted in the table above, based on the latest information received from the entity.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the liquidity position and rating sensitivities : [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Power - Thermal
Parent/Group support	The assigned rating factors in the systemic importance that KPCL has in the state power sector, which ICRA expects should induce the GoK to extend financial support to the rated entity, should there be a need
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company and its subsidiaries are mentioned in Annexure-II

About the company

KPCL is the state-owned power generation company of the Government of Karnataka (GoK) with an operational power generating capacity of 8,738 MW as on March 14,2023, comprising hydel power generation capacity of 3,680 MW, thermal capacity of 5,020 MW and renewable capacity of 39 MW. The thermal generation capacity of the company also includes a 1,600-MW thermal power project under a JV with BHEL, namely Raichur Power Corporation Limited (RPCL). The company supplies power generated from its stations to the five-state owned distribution utilities in Karnataka under long-term power purchase agreements (PPAs).

Key financial indicators (audited)

KPCL Consolidated	FY2022	FY2023
Operating income	7,820.9	9420.9
PAT	-86.9	277.1
OPBDIT/OI	27.4%	20.2%
PAT/OI	-1.1%	2.9%
Total outside liabilities/Tangible net worth (times)	4.9	5.3
Total debt/OPBDIT (times)	14.4	17.0
Interest coverage (times)	0.74	0.65

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Source: Company data, ICRA Research; All ratios as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)			Chronology of rating history for the past 3 years		
		Amount rated (Rs. crore)	Amount outstanding as on Feb 29, 2024 (Rs. crore)	Date & rating Mar 20, 2024	Date & rating in FY2023 Mar 21, 2023	Date & rating in FY2022 Dec 27, 2021	Date & rating in FY2021 Sep 23, 2020
1 Fund based TL	Long Term	19,922.62	19,410.27	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB+ (Negative)
2 Fund based CC	Long Term	978.50	-	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB+ (Negative)
3 Non-fund based	Long Term	194.00	-	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB+ (Negative)
4 Short Term Loans	Short Term	13,407.00	-	[ICRA]A4	[ICRA]A4	[ICRA]A4	[ICRA]A4+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loan	Simple
Fund based/Cash Credit	Simple
Non-fund based	Very Simple
Short Term Loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund-based TL	FY2018	-	FY2030	9,268.71	[ICRA]BB (Stable)
NA	Long-term fund-based TL	FY2017	-	FY2030	5,438.34	[ICRA]BB (Stable)
NA	Long-term fund-based TL	FY2022	-	FY2027	1,436.66	[ICRA]BB (Stable)
NA	Long Term Fund-based TL	FY2022	-	FY2025	266.56	[ICRA]BB (Stable)
NA	Long Term Fund-based TL	FY2024	-	FY2029	1000.00	[ICRA]BB (Stable)
NA	Long Term Fund-based TL	FY2024	-	FY2027	1500.00	[ICRA]BB (Stable)
NA	Long Term Fund-based TL	FY2024	-	FY2026	250.00	[ICRA]BB (Stable)
NA	Long Term Fund-based TL	FY2024	-	FY2029	250.00	[ICRA]BB (Stable)
NA	Long Term Fund-based TL*	-	-	-	512.35	[ICRA]BB (Stable)
NA	Long Term Fund-based CC	-	-	-	978.50	[ICRA]BB (Stable)
NA	Long term – Non-fund based	-	-	-	194.00	[ICRA]BB (Stable)
NA	Short-term loans	-	-	-	13407.00	[ICRA]A4

Source: Company; *proposed limit

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Raichur Power Corporation Limited	77.86%	Equity Method
KPC Gas Power Corporation Limited	100.00%	Full Consolidation

Source: Company

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