



**Press Release**  
**Punjab State Power Corporation Limited**  
**January 07, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	9502.65	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	1769.50	-	ACUITE A3+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	11272.15	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of 'ACUITE BBB-' (read as ACUITE triple B Minus) and its short term rating of 'ACUITE A3+' (read as ACUITE A Three Plus) on the Rs. 11272.15 Cr. bank facilities of Punjab State Power Corporation Limited (PSPCL). The outlook is 'Stable'.

**Rationale for rating reaffirmation**

The rating reaffirmation factors in the corporation's importance for Government of Punjab (GoP) and the corporation being 100% subsidiary of the same, comfortable operational performance of the corporation in FY24 vis-a-vis FY23. The corporation has experienced, and well qualified set of management and the corporation will be benefitted by the same. The above strengths are underpinned due to corporation's moderate financial risk profile. Further the rating is constrained due to multiple audit qualifications made by the auditors. The rating also draws comfort from the lower offtake risk marked by long term PPAs with National Thermal Power Corporation (NTPC), National Hydroelectric Power Corporation (NHPC), Nuclear Power Corporation of India Limited (NPCIL), Damodar Valley Corporation (DVC) among others. The rating also factors in the financial flexibility receive by the corporation from GoP in form of irrevocable and unconditional guarantee for the entire bank facilities and regular subsidy payments. The rating also considers the moderate financial risk profile, moderate working capital operations and adequate liquidity which is supported by the GoP.

**About the Company**

Govt. of Punjab vide its notification dated April 16, 2010 unbundled Punjab State Electricity Board into two companies viz Punjab State Power Corporation Limited and Punjab State Transmission Corporation Limited. PSPCL is 100% subsidiary of Government of Punjab and is engaged in generation and distribution of power in the state of Punjab.

**Unsupported Rating**

ACUITE BB-/ Stable

**Analytical Approach**

Acuite has considered a standalone approach while assessing the business and financial risk profile of PSPCL and has factored in financial, operational and managerial support it receives from GoP by being a wholly owned subsidiary. The rating factors also the benefits emanating from the ownership by GoP and the same have extended corporate guarantee towards borrowings of PSPCL.

**Key Rating Drivers**

**Strengths**

## Strategically important entity and support from the Government of Punjab

PSPCL is a wholly owned undertaking of the Punjab Government. It is a strategically important entity which forms the backbone of the power sector for Punjab. The status of the company as a 100 per cent Government of Punjab owned entity provides financial flexibility. Government of Punjab provides support to PSPCL by way of providing security for its loans in the form of irrevocable and unconditional guarantee for the entire bank facilities of the company. This enables PSPCL to procure loans from Banks/ Financial Institutions at a competitive rate of interest. The government also provides support to the company in the form of subsidy payments. In FY24, there was a delay in the subsidy payments received from the government. However, the company has started receiving subsidy payments on time. As per the management, the total subsidy received upto November '24 is Rs. 11901.26 Cr.

Acuité believes that PSPCL, being a 100 per cent undertaking of GoP, shall continue to benefit from the financial, operational and management support from time to time. The GoP has demonstrated financial support by way of loans to PSPCL on a regular basis. Any changes in the ownership pattern of PSPCL or any event that impinges PSPCL's overall credit profile shall remain a key rating sensitivity.

## Comfortable Financial Risk Profile

The financial risk profile of the corporation has improved marked by improving net worth, gearing, and debt protection metrics. The tangible net worth of the corporation improved and stood at Rs. 26,286.10 Cr. in FY24 as against Rs. 25,324.58 Cr. in FY23. The total debt of the corporation increased and stood at Rs. 20170.45 Cr. as on 31st March 2024 as against Rs. 17815.47 Cr. as on 31st March 2023. The gearing of the corporation stood comfortable at 0.77 times for FY24 as against 0.70 times for FY23. The TOL/TNW also stood at 1.31 times as on March 31, 2024 and March 31, 2023. The debt protection metrics remained at 0.98 times in FY24 as against 0.58 times in FY23 and interest coverage ratio stood at 2.30 times in FY24 as against 1.36 times in FY23.

Acuité believes that the financial risk profile of PSPCL will continue to remain moderate over the medium term.

## Moderate Working Capital Operations

The working capital operations of the corporation are moderate in nature marked by GCA of 145 days in FY24 as against 156 days in FY23. The receivable days of the corporation stood moderate at 61 days in FY24 and FY23. The inventory levels of the company stood low at 8 days during the same period compared against 6 days for FY23. The creditor days of the company stood at 40 days for FY24 compared against 55 days for FY23.

Acuité believes that the working capital operations of the company will continue to moderate.

## Weaknesses

### Moderate profitability albeit growth in scale of operations

PSPCL has recorded growth in the operating income to Rs. 43,040.56 Cr. in FY24 as against Rs. 37,954.45 Cr. in FY23. In H1FY2025, the corporation recorded operating income of Rs. 29,537.41 Cr, the improvement is on the back of revisions in tariff rates and capacities.

Further, the margins of the company witnessed an improvement as reflected in the EBITDA of FY24 which stood at 6.77% in FY24 as against -8.87% in FY23. The PAT margins of the company also improved to 1.86% in FY24 as against -12.58% in FY23. The primary reason for this drastic improvement is on account of lower purchase cost and lower generation cost. PSPCL for its fuel requirements remained dependent upon domestic coal in FY 2023-24 as its mines generated sufficient coal to meet its requirements. In the future, the demand for coal will largely be met from PSPCL mine and Local suppliers resulting into decreased generation cost in future. Also, PSPCL started receiving subsidy payments on time.

Team believes that the operating profile of the corporation would remain moderately stable on the back of revisions in tariffs time to time and increased capacities.

Acuité believes that the improvement in profitability and timely receipt of legacy subsidies from GoP will remain a key rating sensitivity going ahead.

## Aggregate Technical and Commercial Loss

The Aggregate and Technical Commercial Loss remained range bound and stood at 11.26% in FY23 as against 11.67% in FY22. Further, the collection efficiency in FY23 improved and stood at 100.31% as against 93.22% in FY22. Going forward, with the aim to reduce losses, the company has undertaken the Results Linked Distribution Sector Scheme (RDSS). The RDSS project involves working to improve the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector. The Scheme aims to reduce the AT&C losses to pan-India levels of L2-L5% and the ACS-ARR gap to zero by 2024-25. The Nodal

Agency (PFC) has sanctioned the scheme amounting to Rs. 9,563.08 Cr.

### **Regulated nature of operations**

The revenues are influenced by the regulatory framework governing the power sector. Revenues of players such as PSPCL are determined by state electricity regulatory commissions. The Punjab State Electricity Regulatory Commission (PSERC) takes into account key parameters such as the cost structure and expected return on capital employed to arrive at distribution tariffs.

Acuité believes that significant changes in the regulatory environment will impinge on the credit profile of the company.

### **ESG Factors Relevant for Rating**

PSPCL is making continuous efforts to positively impact the society for which the company has formulated policies such as:

1. Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.
2. Promoting education, including special education and employment-enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting students in their studies.
3. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.

### **Rating Sensitivities**

- Improvement in the profitability margins
- Timely and adequate Support from Government of Punjab
- Efficient Bill and Subsidy collection
- Resolution of negative auditor qualifications

### **All Covenants**

Not Applicable

### **Liquidity Position**

#### **Adequate**

The corporation liquidity is adequate marked by continuous support from the Govt. of Punjab despite generating low net cash accruals to its maturing debt obligations. The net cash accruals of the corporation stood at Rs. 2167.58 Cr. in FY24 as against its maturing obligations of Rs. 2056.61 Cr. Further, the current ratio of the company stood at 0.94 times in FY24 as against 0.95 times in FY23. The corporation has GCA days of 145 days in FY24 as against 156 days in FY23. The bank limit utilisation for fund-based facilities of the corporation stood at ~83% in FY24. The company has cash and bank balance of Rs. 14.75 crore in FY24.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	43040.56	37954.45
PAT	Rs. Cr.	800.44	(4775.93)
PAT Margin	(%)	1.86	(12.58)
Total Debt/Tangible Net Worth	Times	0.77	0.70
PBDIT/Interest	Times	2.30	(1.36)

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Oct 2023	Letter of Credit	Short Term	150.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	1425.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	192.50	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	525.08	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	496.75	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1681.70	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	201.66	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	300.00	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	200.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	562.50	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	163.39	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	150.00	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	189.11	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	250.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	300.00	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	200.00	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	370.00	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	80.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	107.14	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	600.00	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	600.00	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	100.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	880.36	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	450.00	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	504.23	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	110.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	107.14	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	300.00	ACUITE BBB-   Stable (Reaffirmed)

	Proposed Long Term Bank Facility	Long Term	73.59	ACUITE BBB-   Stable (Reaffirmed)
05 Aug 2022	Letter of Credit	Short Term	147.95	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	473.65	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	2.11	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	24.57	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	133.93	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Loan	Long Term	784.89	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	687.79	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	666.92	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	2014.37	ACUITE BBB-   Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	500.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	750.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	648.10	ACUITE BBB-   Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	149.59	ACUITE BBB-   Stable (Assigned)
	Secured Overdraft	Long Term	100.20	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	750.00	ACUITE BBB-   Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	120.00	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	0.05	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	660.12	ACUITE BBB-   Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	600.00	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	147.38	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	300.00	ACUITE BBB-   Stable (Assigned)
	Secured Overdraft	Long Term	131.82	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	859.44	ACUITE BBB-   Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	450.00	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	169.27	ACUITE BBB-   Stable (Assigned)



## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A3+   Reaffirmed
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	192.50	Simple	ACUITE A3+   Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Indian Overseas Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	140.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	300.00	Simple	ACUITE BBB-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	305.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE A3+   Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1425.00	Simple	ACUITE A3+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	55.77	Simple	ACUITE BBB-   Stable   Reaffirmed
CCO Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	11 Dec 2025	55.77	Simple	ACUITE BBB-   Stable   Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2037	500.00	Simple	ACUITE BBB-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2038	2740.14	Simple	ACUITE BBB-   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2031	705.54	Simple	ACUITE BBB-   Stable   Reaffirmed
Central Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Jan 2025	257.50	Simple	ACUITE BBB-   Stable   Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Oct 2027	100.01	Simple	ACUITE BBB-   Stable   Reaffirmed
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	25 Mar 2036	155.55	Simple	ACUITE BBB-   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	23 Apr 2028	105.54	Simple	ACUITE BBB-   Stable   Reaffirmed
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Oct 2027	207.14	Simple	ACUITE BBB-   Stable   Reaffirmed



Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Aug 2029	1473.59	Simple	ACUITE BBB-   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Jun 2036	201.66	Simple	ACUITE BBB-   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	440.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Indian Overseas Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	500.00	Simple	ACUITE BBB-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	405.00	Simple	ACUITE BBB-   Stable   Reaffirmed

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	Government of Punjab
2	Punjab State Power Corporation Limited

## Contacts

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