



Press Release

Kota Electricity Distribution Limited

July 29, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	276.76 (reduced from Rs. 290.29 crore)	IVR BBB+; Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+; Stable (IVR Triple B Plus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	170.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Rating Reaffirmed	Simple
Total	446.76 (INR Four Hundred and Forty-Six Crore and Seventy-Six Lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Kota Electricity Distribution Limited (KEDL) continue to derive comfort from strong operational support of its parent company, CESC Ltd. (CESC), long track record of CESC in the power sector, KEDL's belongingness to the reputed RP- Sanjiv Goenka group and highly experienced & qualified management team. The ratings are further underpinned by the exclusive long-term power distribution agreement with Jaipur Vidyut Vitran Nigam Ltd. (JVVNL) for supply of power in Kota city of Rajasthan, and strong demand potential for power in Kota. Further, the ratings also positively factor in reduction in Transmission & Distribution (T&D) losses due to several measures undertaken by KEDL to improve its operating efficiency. However, these rating strengths are tempered by prevalence of retail customers limiting the demand growth along with high receivables and low debt coverage parameters.

The stable outlook reflects the company will maintain a stable business performance in the near to medium term and continue to benefit from the extensive experience of its promoters.

Key Rating Sensitivities:



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Upward Factors

- Significant improvement in operating performance, debt protection metrics and capital structure on a sustained basis

Downward Factors

- Deterioration in operating performance impacting the liquidity and debt coverage indicators on sustained basis.
- More than expected debt funded capex leading to deterioration in capital structure.
- Weakening of support from the parent company

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record of the parent company in power sector**
CESC is having a long track record of operation. It is a vertically integrated power utility engaged in the business of generation, transmission and distribution of electricity to the consumers in its licensed area covering Kolkata and Howrah in West Bengal.
- **Belonging to the reputed RP-Sanjiv Goenka group and strong parent support**
Kolkata based the RP-Sanjiv Goenka group is one of the leading industrial houses of the country with interest in power generation & distribution, coal, carbon black, retailing, entertainment and BPO business with CESC Ltd. being the flagship company. KEDL is a wholly owned subsidiary of CESC, an established & well performing power utility based out of Kolkata. CESC has a strong financial risk profile with adequate liquidity. KEDL, being a wholly owned subsidiary of CESC, is expected to receive continuous support from its parent. CESC has infused ~Rs. 477.83 crore in KEDL till FY25 [FY refers to the period from April 1 to March 31].
- **Highly experienced and qualified management team**
KEDL is managed by highly qualified and experienced employee pool transferred from CESC having strong experience in their related fields. In terms of operation, KEDL has lots of synergy with CESC.
- **Exclusive long term power distribution agreement**
JVVNL has a distribution license under the provisions of Electricity Act, 2003 to supply electricity in the Eastern part of Rajasthan. For distribution of power in its designated areas, JVVNL undertook competitive bidding process to select its distribution



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franchises. For Kota city area, JVVNL selected CESC Ltd from the bidding process. CESC designated, KEDL, as a special purpose vehicle (SPV) in order to discharge its obligations as a distribution franchise. In this regard, the Distribution Franchise Agreement (DFA) was signed in June 2016 with a validity of 20 years. KEDL has the exclusive right to distribute power in Kota area of Rajasthan.

- **Strong demand potential for power in Kota**

The domestic power sector appears to have considerable growth potential, given the fact that the country is likely to be power deficient in many pockets particularly during the peak period due to mismatch between robust power demand and creation of supply facilities. Kota city has high growth potential driven by its locational advantage and direct link to nearby major cities

Key Rating Weaknesses

- **Moderate profitability with low debt coverage parameters**

KEDL continued to incur loss at PAT level in FY25, though the loss has reduced from Rs.11.34 crore in FY24 to Rs.10.99 crore. However the operating profitability have turned positive in FY24, the EBITDA has improved from Rs. -3.70 crore in FY23 to Rs.24.77 crore in FY25. Further, the debt coverage parameters continued to remain weak. However, the company is getting support from CESC to fund the losses and the debt servicing requirements. Moreover, the company has been able to reduce T&D losses due to several measures undertaken by company to improve the efficiency of the network and reduce thefts and unmetered sales. T&D loss has reduced from 14.83% in FY23 to 14.28% in FY25.

- **Prevalence of retail customers limiting the demand growth**

With a large urban/ semi urban profile of the license area, KEDL has higher proportion of retail customers in its consumer mix. Higher proportion of retail customers limits the growth potential to an extent due to lower possibility of extensive growth in power consumption in near term.

- **High receivables**

KEDL has more than six months receivables of about Rs. 92.49 crore as on March 31, 2025. KEDL is operating with billing efficiency of 85.72% in FY25 (85.75% in FY24) and overall collection efficiency of about 98.89% in FY25 (103.43% in FY24).

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria Of Assigning Rating Outlook](#)

[Criteria on complexity](#)

[Policy of default recognition](#)

[Criteria On Parent/Group Support](#)

Liquidity –Adequate

The liquidity of the company is expected to remain adequate backed by support from the parent, CESC Ltd having highly comfortable liquidity position with high cash balances and liquid investments.

About the Company

Kota Electricity Distribution Limited (KEDL - erstwhile Sheesam Commercial Pvt Ltd), incorporated in May 03, 2012, is a wholly owned subsidiary of CESC Ltd (CESC) belonging to Kolkata-based RP-Sanjiv Goenka group. The RP - Sanjiv Goenka group is one of the leading industrial houses of the country with interest in power generation & distribution, coal, carbon black, retailing, entertainment and BPO business. JVVNL has a distribution license under the provisions of Electricity Act, 2003 to supply electricity in the Eastern part of Rajasthan. JVVNL undertook competitive bidding process to select its distribution franchises.

For Kota city area, JVVNL selected CESC Ltd from the bidding process. CESC designated, KEDL, as a special purpose vehicle (SPV), in order to discharge its obligations as a distribution franchise. In this regard, the Distribution Franchise Agreement (DFA) was signed in June, 2016. KEDL is engaged in electricity distribution operation in Kota city from September 1, 2016 as a distribution franchisee of JVVNL. KEDL is sourcing power from JVVNL as per the stated rates in DFA and selling the power to customers under its command area as per tariff order issued by RERC.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	1014.07	1069.53
EBITDA	18.79	24.77
PAT	-11.34	-10.99



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Total Debt	219.07	221.37
Tangible Net Worth	121.85	110.97
EBITDA Margin (%)	1.85	2.32
PAT Margin (%)	-1.11	-1.02
Overall Gearing Ratio (x)	1.80	1.99
Interest Coverage (x)	0.92	1.03

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					May 09, 2024	-	Feb 10, 2023
1	Term Loan*	Long Term	23.52	IVR BBB+/Stable	IVR BBB+/Stable	-	IVR BBB+/Stable
2	Term Loan*	Long Term	28.24	IVR BBB+/Stable	IVR BBB+/Stable	-	IVR BBB+/Stable
3	Bank Guarantee	Long Term	225.00	IVR BBB+/Stable	IVR BBB+/Stable	-	IVR BBB+/Stable
4	Overdraft	Short Term	145.00	IVR A2	IVR A2	-	IVR A2
5	Overdraft	Short Term	25.00	IVR A2	IVR A2	-	IVR A2

* Outstanding as on Mar 31, 2025

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About Infomerics:

Infomerics Valuation and Rating Ltd [formerly Infomerics Valuation and Rating Private Ltd] (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan *	-	-	-	Feb 2027	23.52	IVR BBB+/ Stable
Term loan *	-	-	-	Mar 2029	28.24	IVR BBB+ Stable
Bank Guarantee	-	-	-	-	225.00	IVR BBB+/ Stable
Overdraft	-	-	-	-	170.00	IVR A2

* Outstanding as on Mar 31, 2025

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-kotaelec-jul25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

