CESC Limited

October 04, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Ratings[1]	Rating Action
Long Term Bank Facilities	3,842.10 (Enhanced from 3,514.13)	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Short Term Bank Facilities	750.00	CARE A1+ (A One Plus)	Reaffirmed
Total Bank Facilities	**4,592.10 (Rs. Four Thousand Five Hundred Ninety-Two Crore and Ten Lakhs Only)**		
Non-Convertible Debentures	40.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	40.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	40.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	150.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	20.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	15.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	15.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	150.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	250.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	30.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	125.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	200.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	275.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	100.00	CARE AA; Stable (Double A; Outlook: Stable)	Assigned
Total Long-Term Instruments	**1,450.00 (Rs. One Thousand Four Hundred and Fifty Crore Only)**		
Commercial Paper	300.00	CARE A1+ (A One Plus)	Reaffirmed
Commercial Paper (Carved out) *	500.00	CARE A1+ (A One Plus)	Reaffirmed
Commercial Paper (Carved out) *	800.00	CARE A1+ (A One Plus)	Reaffirmed
Total Short-Term Instruments	**1,600.00 (Rs. One Thousand Six Hundred Crore Only)**		

Details of facilities in Annexure-1

**The aggregate outstanding amount of commercial paper and other working capital borrowings should be within the sanctioned working capital limits of the company*

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Detailed Rationale & Key Rating Drivers

The reaffirmation of the ratings assigned to the bank facilities and instruments of CESC Limited (CESC) continue to derive strength from its status as monopoly for distribution of power in licensed area of Kolkata and cost-plus nature of its business with assured return. The ratings also factor in CESC's high operational efficiency as reflected in achievement of better than normative plant parameters and aggregate technical and commercial (AT&C) losses. The rating continues to be supported by CESC's strong market positioning in its licensed area with integrated operations, fully metered supply with high collection efficiency, presence of monthly variable cost adjustment (MVCA), availability of fuel linkage and captive coal mine. Ratings takes into cognizance Covid-19 related restrictions impacting the operations of the company in FY21 (refers to period from April 1 to March 31) leading to lower electricity demand and accumulation of debtors on account of delayed billing and deferment of collections. The debtors which had increased from Rs.991 crore as of March 2020 to Rs.1,394 crore as of March 2021 has now come down to around Rs.900 crore as on September 25, 2021 (excluding billing for August and September 2021). With improved collections the company has already repaid a large part of its debt obligation scheduled in FY22.

The rating also factors in the financial flexibility of CESC as a part of RP-SG group having established presence across diversified businesses. The group has also a track record of refinancing its debt by raising medium term funds from capital markets at competitive yields.

The ratings are however, constrained by delay in issuances of tariff orders with last tariff order received for FY18 and last Annual Performance Review (APR) received for FY14. This has resulted in build-up of recoverable regulatory asset base of Rs.1,367 crore which is partially offset by savings led by better than normative AT&C losses with an improving trend. The rating is also constrained by moderate total debt to PBILDT. The rating also takes note of thin DSCR levels which is mainly due to medium term maturity profile of the debt with regular refinancing requirements albeit with long term revenue visibility and stable earnings refinancing is not likely to be a major challenge.

CESC has recently won the distribution license of Chandigarh Union Territory for which it will be required to pay an upfront consideration as its financial bid. Further, CESC has announced sale of its entire stake in Surya Vidyut Limited (SVL; rated 'CARE A-; Under Credit Watch with Developing Implications'; a wholly owned subsidiary of CESC) and the sale proceeds would add to the fund available towards its expansion plans. Both the transactions would take some time due to certain procedural and legal issues and are likely to be consummated by the end of FY22.

The ratings further take note of the management's plans to raise fresh debt primarily for refinancing the existing debt and to fund its capex requirement for undertaking Flue Gas Desulfurization (FGD) project along with regulatory capex in its distribution segment. On a consolidated basis, CARE expects equity commitment of around Rs.1,100 crore between FY22 and FY24 for capex and shortfall funding and any further equity requirement over this quantum would be a key rating monitorable.

Rating Sensitivities

Positive Factors: Factors that could lead to positive rating action/ upgrade

- Improvement in profitability with the consolidated return on networth around 15% on a sustained basis.
- Improvement in consolidated overall gearing ratio below 0.6x and total debt to PBILDT of below below 2.5x.

Negative Factors: Factors that could lead to negative rating action/downgrade

- Delay in receipt of tariff orders beyond Q4FY22
- Deterioration in consolidated overall gearing ratio above 1.50x or total debt to PBILDT above above 8x
- Deterioration in liquidity profile with free cash balance and undrawn limits going below Rs.800 crore
- Deterioration in operating parameters or significant tightening of normative parameters
- Significantly higher than envisaged level of support flowing to two distribution franchisees

Detailed description of the key rating drivers

<u>Key Rating Strengths</u>

Long track record

Incorporated in 1899, CESC is an 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. The exclusive power distribution license of the company for Kolkata region being valid till September 2038.

Established group with presence across diverse business verticals

CESC is a part of RP-Sanjiv Goenka Group. The group has interests across diverse business segments such as power, infrastructure, carbon black, retail, education, BPO, and media & entertainment.

CESC has a highly qualified and experienced employee pool having large experience in their related field. CESC's improvement in operational efficiency over the years can be attributed to its sound management team.

Strong Transmission & Distribution (T&D) network with fully metered supply and AT&C loss below normative levels
CESC has a strong T&D network with continuous investment in infrastructure development. The company has almost 100% metered supply in its command area and customers are billed based on meter readings. The company's billing procedure is fully computerised. This has resulted in consistent improvement in AT&C loss over the last few years. AT&C loss has improved substantially and continues to remain at a comfortable level of below 9% in FY21 (much lower than the normative levels for FY18). Despite Covid-19, the company could control the AT&C loss in FY21 and Q1FY22 at expected level. Given that Tariff Orders for FY19-FY21 have not yet been issued by WBERC, any tightening in the normative AT&C loss by WBERC for FY19 onwards shall remain key rating monitorable.
Collection efficiency of the company was impacted on account of the lower than actual billing done by the company due to lockdown in the country due to which meter readings could not be done. Post-commencement of meter readings, in order to avoid hardship to consumers, CESC had decided to exclude the differential billing amount for the month of April & May 2020 from the billing for June 2020 month of all its domestic consumers, thereby impacting the collections. However, the company started adjusting the differential amounts from November 2020 onwards, which the company started to realise from January 2021 onwards. The company's collections improved significantly during 5MFY22 marked by average collection efficiency of around 95%. The company has also reinstated its normal billing cycle, which had earlier got extended by one month due to lockdown.

High operational efficiency reflected in better than normative PAF and SHR
CESC's plants exhibit higher than normative PAF, saving in oil consumption and better than normative SHR, reflecting superior operating efficiency based on normative parameters for FY18 as the regulator has not yet approved the normative parameters for FY19, FY20 and FY21. Superior performance from operating efficiency helps in earning additional revenue as incentive, which is utilised against losses incurred on account of delay in pass through of fuel cost. However, any tightening in the normative parameters by the regulator for FY19 onwards shall remain key rating monitorable.
The PAF for company's power plants remains above the normative levels as defined in FY18 tariff order, ensuring full recovery of capacity charge under the availability-based tariff regime. CESC's overall PLF witnessed a decline from 62% in FY20 to 56% in FY21 on account of lower power demand due to the lockdown imposed in the country on account of Covid-19 and shut down of Budge Budge plant during November and December 2020 for annual maintenance. However, the aggregate PLF remained higher than the national average PLF of 53% during FY21 in view of steady fuel availability coupled with efficient operations of CESC.
Further, PLF levels have picked up in Q1FY22 to 91% for Budge Budge plant and 63% on overall level.
Power demand-supply scenario in West Bengal
As per Load Generation Balance Report for 2021-22, there was marginal power deficit of 0.2% in the state of West Bengal during FY21, however, the peak demand for FY21 was fully met. In FY22, West Bengal is expected to have power deficit of 6.6% against the expected power demand of 57,168 MUs, however, the peak demand is likely to be fully met.

Low business risk due to regulated operations with 'cost-plus' based tariff fixation however, uncertainty emanating due to non-availability of tariff order since FY19
Power is a highly regulated sector. CESC's tariff is determined by West Bengal Electricity Regulatory Commission (WBERC) on cost-plus basis. CESC's average tariff realisation including exports presently stands at Rs.7.47/unit in FY21. The company submits its Annual Performance Review (APR) on a yearly basis. The last approved APR for CESC was approved for FY14 and the tariff order has been approved for FY18. The tariff petition for FY19, FY20 and FY21 has been filed by CESC. Receipt of FY19 tariff order by Q3FY22 remains a key rating monitorable.
Coal is the major input for the company, which has witnessed significant price volatility in the past. However, the company is insulated from the same in view of assured supply of coal & "pass on" mechanism embedded in the tariff fixation mechanism of WBERC. While such pass through by the regulatory authority enables the company to maintain the profitability, there is a likelihood of company facing short term liquidity mismatch in view of time taken in passing of tariff orders by the regulator. To partially address this issue, CESC is allowed to pass on the hike in fuel cost through Monthly Variable Cost Adjustment (MVCA) mechanism, by which CESC's tariff is adjusted on monthly basis. WBERC had allowed CESC to charge MVCA of Re.0.29/unit from January 2017 to pass-on the increase in coal cost and other cess, which has remained unchanged since then. However, the tariffs have remained stagnant over the last three and a half years in the absence of tariff orders for FY19, FY20 & FY21 and any further increase in MVCA.

Availability of fuel linkage and captive coal mine
CESC has signed 20-year Fuel Supply Agreement (FSA) with Eastern Coalfields Limited (ECL; from November 2012 onwards) and Bharat Coking Coal Limited (BCCL; from January 2013 onwards) (subsidiaries of Coal India Limited) for the supply of 15.95 MTPA (11.83 MTPA with ECL and 4.12 MTPA with BCCL) coal at a price approved by CIL. Further, CESC also sources its coal requirements from its captive mine in Sarisatolli. The mine was earlier de-allocated under Integrated Coal Mining Limited (ICML; rated CARE A-; Stable). However, the mine was reallocated to CESC from ICML through e-auction conducted by Ministry of Coal at a negative bid of Rs.470/MT. As the bid amount is not yet been allowed to be fully passed on to the consumers, CESC is operating its generating stations at optimal level together with purchasing power from (HEL; rated CARE

AA-; Stable / CARE A1+) at competitive rates which helps in maintenance of the overall cost structure. In December 2014, CESC paid a levy of Rs.998 crore (out of total levy of Rs.1,045 crore) for coal extracted from Sarisatolli Coal Mines. The Company has applied to WBERC for recovery of additional levy of Rs.897 crore (pertaining to coal extracted from Sarisatoli Coal Mines), the approval of which is pending. In FY21, CESC sourced 47% of its coal requirements from its own coal mine, Sarisatolli (41% in FY20), 38% under FSA with Coal India Limited (37% in FY20) and balance 15% from e-auction (22% in FY20).

Stable financial performance in FY21 with improvement in Q1FY22
On a consolidated level, the operating income of the company witnessed a growth of 5.66% y-o-y in FY21 with stable operating profitability marked by PBILDT margin of 29.15%. Financial and operating performance of HEL also adds comfort to its credit risk profile. Further, improvement in financial performance of Dhariwal Infrastructure Limited (DIL; rated CARE BBB; Stable / CARE A3) with extension of short-term PPA with Maharashtra State Power Generation Company Limited (MSPGCL) and improvement in operating efficiency of two out of its four distribution franchisees also led to improvement in financial performance at consolidated level in FY21.
In CESC, pass through of increase in coal cost is pending due to approval of tariff order from FY19 onwards. The current tariff fixation mechanism ensures full recovery of costs on the basis of achievement of normative levels with provision for incentives for surpassing such targets. CESC has been consistently overachieving its targets in terms of PLF, usage of coal and oil, Station Heat Rate etc., which has resulted in steady operating margins and cash accruals over the years along with comfortable operating margins. The company earned a GCA of Rs.1,922 crore vis-à-vis debt repayment obligation of Rs.1,809 crore in FY21. During FY21, the company had refinanced debt of around Rs.500 crore and had also raised new NCDs worth Rs.750 crore.
In Q1FY22, the total operating income of the company witnessed growth of 23% y-o-y basis and around 11% on q-o-q basis despite partial lockdown due to second wave of Covid-19. However, profitability of the company was impacted, however it was similar to that in Q1FY21. Company's gross margin continued to remain stable. The company also continued to generate healthy cash accruals of Rs.428 crore during Q1FY22 along with stable interest coverage ratio. Further, during Q1FY22, the company has already repaid debt of Rs.690 crore on the back of healthy collections from consumers.
In Q1FY22, the total operating income of the company witnessed growth of 22% y-o-y on account of increase in power demand. PBILDT margin of the company witnessed marginal dip at 17.61% during Q1FY22 due to higher cost of purchase of power (since the company also had to pay fixed charges to HEL on account of the take or pay agreement). With decline in the operating margin, PAT margin also witnessed a decline in Q1FY22. However, interest coverage ratio remained healthy at 2.68x. The company earned a GCA of Rs.155 crore in Q1FY22.

Key Rating Weaknesses
Exposure to regulatory risk
Power utilities are exposed to regulatory risk associated with delay in receipt of tariff order and non-allowance of certain expenses by the commission. CESC's tariff needs to be approved by WBERC on a periodic basis. CESC's tariff levels have remained unchanged since Jan 2017 (tariff of Rs.7.47/unit including MVCA of Rs.0.29/unit). This has resulted in moderation in operating profits from FY19 onwards. However, the company has partially been able to recover this loss through its operating efficiency marked by significantly lower than normative AT&C losses. As on March 31, 2021, CESC had regulatory assets of Rs.4,759 crore (out of which Rs.1,367 crore was due to actual cost under-recoveries emanating from fuel and power purchase cost while remaining amount comprising of non-cash items like deferred tax and exchange fluctuations).
The company has received its APR order for FY14 dated March 02, 2020 wherein the company has been allowed to collect Rs.382.74 crore from customers. The entire recoverable amount of Rs.382.74 crore or a part thereof shall be adjusted with the future tariff order for FY19 or any ensuing year or in a separate order. However, tariff orders for FY19, FY20 and FY21 have not been released yet, and true-up orders are awaited from FY15. Given pending tariff orders, this has made the regulatory environment increasingly uncertain.

Moderate capital structure and debt protection metrics
On a consolidated level, the overall gearing ratio of the company witnessed a marginal improvement from 1.42x as on March 31, 2020 to 1.37x as on March 31, 2021 on account of accretion of profits to reserves. Further, TDGCA also witnessed an improvement from 10.71x as on March 31, 2020 to 8.47x as on March 31, 2021 on account of increase in GCA which was largely driven from improved performance of HEL and DIL.
On a standalone level, the overall gearing ratio of the company witnessed a slight deterioration from 0.74x as on March 31, 2020 to 0.80x as on March 31, 2021 on account of new loans availed by the company in FY21 decline in GCA due to dip in TOI. As on August 31, 2021, CESC on standalone basis had total term debt of Rs.5,675 crore as against Rs.6,365 crore as on March 31, 2021.

Exposure to group companies
On a standalone level, CESC's exposure in group companies increased slightly from Rs.4,431 crore as on March 31, 2020 to Rs.5,060 crore as on March 31, 2021 which was on account of investment in preference shares of one of the group company

viz Eminent Electricity Distribution Limited (EEDL).
With the surplus cashflow from HEL and reduced losses in DIL, DIL shall require support only for funding the capex requirements. However, as articulated by the management, CESC shall continue to support its distribution franchisee subsidiaries (Kota Electricity Distribution Limited and Malegaon Power Supply Limited) in the medium term with an expected fund support in the range of Rs.75-100 crore in FY22.

Refinancing risk
On account of expected shortfall in cash accruals arising from delay in adequate tariff hikes, CESC is expected to be dependent on refinancing some portion of its debt to meet its debt repayment obligations. The major portion of the company's current debt outstanding is expected to be repaid over the next 5 years while the benefit which is to be generated out of the asset base is expected over a much longer period. In order to meet this mismatch, company avails short to medium term loans which exposes it to refinancing risk. However, the company has maintained a successful track record of refinancing its existing debt at relatively competitive rates.

Liquidity: Adequate
In FY22, the company has a repayment obligation of Rs.982 crore (Standalone) and Rs.1,608 crore (Consolidated) out of which the company has already repaid Rs.690 crore (Standalone) till August 31, 2021 and the balance shall be repaid out of cash accruals and cash and liquid balance available with the company. The company has also articulated its stand regarding carrying out refinancing whenever required with lower interest rate debt.
As of June 30, 2021, the company on standalone basis had cash and cash equivalents of Rs.995 crore in the form of cash available in current accounts, FDs and mutual funds. The company had average fund-based utilisation of around 84% for the 12-month period ended August 2021, thus translating into average unutilised lines of around Rs.250 crore. The company has also articulated about its liquidity policy, whereby it plans to maintain liquidity of around Rs.800-1,000 crore, including unutilised fund-based credit limits, going forward.

Analytical approach: Consolidated.
List of entities getting consolidated are as per **Annexure – 6**.

Applicable Criteria:
Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings
CARE's Policy of Default Recognition
Criteria on Short Term Instruments
Liquidity Analysis of Non-Financial Sector Entities
Rating Methodology: Notching by factoring linkages in Ratings
Rating Methodology: Consolidation
Rating Methodology - Power Generation Projects
Rating Methodology: Thermal Power Producers
Financial ratios – Non-Financial Sector

About the company
CESC, belonging to RP-Sanjiv Goenka group, is a vertically integrated power utility engaged in generation, transmission and distribution of electricity to the consumers in its licensed area, covering Kolkata and Howrah. As on March 31, 2021, the company has three thermal (coal based) power stations with total generating capacity of 1,125 MW (operating capacity: 885 MW) serving 3.4 mn consumers in its 567 sq km licensed area. The combined installed capacity (thermal) of the group is 2,365 MW with power plants operating under the subsidiaries in Haldia, WB (600 MW) under HEL, Chandrapura, Maharashtra (600 MW) under DIL and 40MW in Asansol, WB under Crescent Power Ltd (CPL; rated CARE A-; Stable). The group also operates wind mills of 156 MW in Rajasthan, Gujarat and Madhya Pradesh under Surya Vidyut Ltd (SVL; rated CARE A- / CARE A2; Credit Watch Developing), solar power plant of 15 MW in Tamil Nadu under CPL and 9MW in Gujarat under Integrated Coal Mining Limited (ICML; rated CARE A-; Stable). The peak load, so far, handled by CESC is 2,337 MW. In FY21, CESC catered to 50% (51% in FY20) of its power requirement out of own generation and balance out of purchase from HEL and other utilities.
CESC has a highly qualified and experienced employee pool having large experience in their related field. Most of the key professionals have long association with the group.

Brief Financials (Rs. crore) – CESC Consolidated	FY20 (A)	FY21 (A)
Total operating income	11,160	11,791
PBILDT	3,104	3,437
PAT	1,306	1,363
Overall gearing (times)	1.42	1.37
Interest coverage (times)	2.12	2.57

A: Audited

Based on unaudited published results for Q1FY22, CESC reported total operating income (TOI) of Rs.3,216 crore (Q1FY21: Rs.2,614 crore) with profit after tax (PAT) of Rs.280 crore (Q1FY21: Rs.209 crore) on consolidated level.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments is given in Annexure-3

Complexity level of various instruments rated for this company: Please refer Annexure – 4

Bank lender details: Please refer Annexure – 5

Annexure - 1: Details of Instruments / Facilities

Name of the Instrument / Bank Facilities	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	1,600.00	CARE AA; Stable
Term Loan-Long Term	-	-	-	June 2023	12.50	CARE AA; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	750.00	CARE A1+
Fund-based - LT-Term Loan	-	-	-	June 2032	2,229.60	CARE AA; Stable
Debentures-Non Convertible Debentures	INE486A07218	March 05, 2020	7.59%	February 18, 2022	40.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE486A07226	March 05, 2020	7.59%	February 10, 2023	40.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE478A07234	March 05, 2020	7.59%	February 02, 2024	40.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE486A07218	March 27, 2020	7.66%	February 18, 2022	20.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE486A07226	March 27, 2020	7.66%	February 10, 2023	15.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE478A07234	March 27, 2020	7.66%	February 02, 2024	15.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE486A07242	May 21, 2020	7.75%	May 21, 2025	300.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE486A07259	October 13, 2020	7.12%	October 13, 2024	250.00	CARE AA; Stable
Debentures-Non Convertible Debentures	*	*	*	*	30.00	CARE AA; Stable
Debentures-Non Convertible Debentures	INE486A07267	December 28, 2020	5.85%	December 7, 2023	200.00	CARE AA; Stable
Debentures-Non Convertible Debentures	*	*	*	*	125.00	CARE AA; Stable

Name of the Instrument / Bank Facilities	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	*	*	*	*	275.00	CARE AA; Stable
Debentures-Non Convertible Debentures	*	*	*	*	100.00	CARE AA; Stable
Commercial Paper-Commercial Paper (Carved out)	-	-	-	7-364 days	800.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	-	-	-	7-364 days	300.00	CARE A1+
Commercial Paper-Commercial Paper (Carved out)	-	-	-	7-364 days	500.00	CARE A1+

***Proposed NCDs**

Annexure - 2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Commercial Paper-Commercial Paper (Carved out)	ST	500.00	CARE A1+	-	1)CARE A1+ (05-Oct-20)	1)CARE A1+ (05-Jul-19) 2)CARE A1+ (09-Apr-19)	-
2	Fund-based - LT-Cash Credit	LT	1,600.00	CARE AA; Stable	-	1)CARE AA; Stable (23-Dec-20) 2)CARE AA; Stable (05-Oct-20)	1)CARE AA; Stable (03-Oct-19) 2)CARE AA; Stable (05-Jul-19) 3)CARE AA; Stable (09-Apr-19)	1)CARE AA; Stable (14-May-18)
3	Term Loan-Long Term	LT	12.50	CARE AA; Stable	-	1)CARE AA; Stable (23-Dec-20) 2)CARE AA; Stable (05-Oct-20)	1)CARE AA; Stable (03-Oct-19) 2)CARE AA; Stable (05-Jul-19) 3)CARE AA; Stable (09-Apr-19)	1)CARE AA; Stable (14-May-18)
4	Non-fund-based - ST-BG/LC	ST	750.00	CARE A1+	-	1)CARE A1+ (23-Dec-20) 2)CARE A1+ (05-Oct-20)	1)CARE A1+ (03-Oct-19) 2)CARE A1+ (05-Jul-19) 3)CARE A1+ (09-Apr-19)	1)CARE A1+ (14-May-18)
5	Fund-based - LT-Term Loan	LT	2,229.60	CARE AA; Stable	-	1)CARE AA; Stable (23-Dec-20) 2)CARE AA; Stable (05-Oct-20)	1)CARE AA; Stable (03-Oct-19) 2)CARE AA; Stable (05-Jul-19)	1)CARE AA; Stable (14-May-18)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
							3)CARE AA; Stable (09-Apr-19)	
6	Commercial Paper-Commercial Paper (Carved out)	ST	800.00	CARE A1+	-	1)CARE A1+ (05-Oct-20)	1)CARE A1+ (05-Jul-19) 2)CARE A1+ (09-Apr-19)	-
7	Commercial Paper-Commercial Paper (Standalone)	ST	300.00	CARE A1+	-	1)CARE A1+ (05-Oct-20)	1)CARE A1+ (05-Jul-19) 2)CARE A1+ (09-Apr-19)	-
8	Debentures-Non Convertible Debentures	LT	40.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20) 2)CARE AA; Stable (19-May-20)	1)CARE AA; Stable (07-Feb-20)	-
9	Debentures-Non Convertible Debentures	LT	40.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20) 2)CARE AA; Stable (19-May-20)	1)CARE AA; Stable (07-Feb-20)	-
10	Debentures-Non Convertible Debentures	LT	40.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20) 2)CARE AA; Stable (19-May-20)	1)CARE AA; Stable (07-Feb-20)	-
11	Debentures-Non Convertible Debentures	LT	150.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20) 2)CARE AA; Stable (19-May-20)	-	-
12	Debentures-Non Convertible Debentures	LT	20.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20) 2)CARE AA; Stable (19-May-20)	-	-
13	Debentures-Non Convertible Debentures	LT	15.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20) 2)CARE AA; Stable (19-May-20)	-	-
14	Debentures-Non Convertible Debentures	LT	15.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20) 2)CARE AA; Stable (19-May-20)	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
15	Debentures-Non Convertible Debentures	LT	150.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20) 2)CARE AA; Stable (19-May-20)	-	-
16	Debentures-Non Convertible Debentures	LT	250.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20)	-	-
17	Debentures-Non Convertible Debentures	LT	30.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Oct-20)	-	-
18	Debentures-Non Convertible Debentures	LT	125.00	CARE AA; Stable	-	1)CARE AA; Stable (23-Dec-20)	-	-
19	Debentures-Non Convertible Debentures	LT	200.00	CARE AA; Stable	-	1)CARE AA; Stable (23-Dec-20)	-	-
20	Debentures-Non Convertible Debentures	LT	275.00	CARE AA; Stable	-	1)CARE AA; Stable (23-Dec-20)	-	-
21	Debentures-Non Convertible Debentures	LT	100.00	CARE AA; Stable	-	-	-	-

**Long-Term / Short-Term*

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Name of the Instrument	Detailed explanation
Proposed NCD issue of Rs.100 crore	
A. Financial covenants	
I. Fixed asset coverage ratio	Should be at least 1.25x
II. Total debt to tangible networth ratio	Should not be more than 2.50x
Proposed NCD issue of Rs.400 crore	
A. Financial covenants	
I. Fixed asset coverage ratio	Should be at least 1.40x
II. Total debt to tangible networth ratio	Should not be more than 2.33x
B. Non-financial covenants	
I. Dilution of the shareholding	Promoter and Promoter Group shall not dilute its shareholding below 26% in the issuer
II. Pledging of shareholding	Promoter and Promoter Group shall seek prior approval of the NCD holders before pledging its shareholding in the Issuer till the tenor of the NCDs
III. Management control	Promoter and Promoter Group shall exercise management control at all times till the tenor of the NCDs
NCD issue of Rs.200 crore	
A. Financial covenants	
I. Fixed asset coverage ratio	Should be at least 1.40x
II. Total debt to tangible networth ratio	Should not be more than 2.33x
B. Non financial covenants	

Name of the Instrument	Detailed explanation
I. Declaration of dividend	No dividend to be declared nor any payment to equity holders to be made, if an Event of Default resulting from any payment default has occurred and is subsisting. Further, no dividend to be declared nor any payment to equity holders to be made, if an Event of Default resulting from any other default other than payment default has occurred and is subsisting for a period of 30 days.
II. Sale of movable fixed assets	Any sale of movable fixed asset, with a value/consideration of more than Rs.500 crore p.a., has to be with the prior consent of the Debenture Trustee.
III. Promoter shareholding	**The existing Promoters should retain management control and at least 44% shareholding of the company directly or through affiliates / associate`s / subsidiaries during the tenure of the Debenture.**
NCD issue of Rs.250 crore	
A. Financial covenants	
I. Debt service coverage ratio	Should be greater than 1.10x
II. Fixed asset coverage ratio	Should be greater than 1.25x
III. Overall gearing	Should be less than 3.50x
B. Non financial covenants	
I. Annual audited unconsolidated financial statements	Audited unconsolidated financial statements of the issuer within 180 days from the end of financial year and unaudited financial statements of issuer within 90 days form the end of first half of financial year
II. End use certificate	Issuer to provide end-use certificate within 30 days of deemed date of allotment confirming that no part of the issue has been used for activities like investment in capital markets, real estate, acquisition or purchase of land or for refinancing of debt which was used for the said purposes, along with the heads under which funds have been actually utilized in accordance with Transaction Documents.
III. Financial statements	The issuer shall submit such financial statements as may be required by the debenture holder(s) from time to time, apart from the set of such statements to be furnished by the issuer to the debenture holder(s) as on date of publication of the issuer’s annual accounts
IV. Event having material adverse effect	Issuer shall inform of the happening of any event that has a material adverse effect on the operations, sales and profits of the issuer together the remedial steps proposed to be taken by the Issuer
NCD issue of Rs.330 crore	
A. Financial covenants	
I. Debt service coverage ratio	Should be greater than 1.05x (for FY21, the DSCR will be monitored at 1.0x)
II. Fixed asset coverage ratio	Should be at least 1.4x
III. Total debt to tangible networth ratio	Should be less than 2.33x
NCD issue of Rs.170 crore	
I. Debt service coverage ratio	Should be greater than 1.00x
II. Fixed asset coverage ratio	Should be greater than 1.40x
III. Total debt to tangible networth ratio	Should be less than 2.33x

Annexure – 4: Complexity level for various rated instruments for this company

Sr. No	Name of instrument / Bank Facilities	Complexity level
1	Commercial Paper-Commercial Paper (Carved out)	Simple
2	Commercial Paper-Commercial Paper (Standalone)	Simple
3	Debentures-Non Convertible Debentures	Complex
4	Debentures-Non Convertible Debentures	Simple
5	Fund-based - LT-Cash Credit	Simple
6	Fund-based - LT-Term Loan	Simple
7	Non-fund-based - ST-BG/LC	Simple
8	Term Loan-Long Term	Simple

Annexure 5: Bank/Lender Details for this Company

To view the lender wise details of bank facilities please **click here**

Annexure 6: List of entities getting consolidated

S. No.	Name of Subsidiaries & Associates	% of ownership interest as at March 31, 2021	% of ownership interest as at March 31, 2020
1	Haldia Energy Limited	100.00	100.00
2	Dhariwal Infrastructure Limited	100.00	100.00
3	Surya Vidyut Limited	100.00	100.00
4	Malegaon Power Supply Ltd (formerly Nalanda Power Company Limited)	100.00	100.00
5	CESC Projects Limited	100.00	100.00
6	Bantal Singapore Pte Limited	100.00	100.00
7	Pachi Hydropower Projects Limited	100.00	100.00
8	Papu Hydropower Projects Limited	100.00	100.00
9	Ranchi Power Distribution Company Limited	100.00	100.00
10	Kota Electricity Distribution Limited	100.00	100.00
11	Bikaner Electricity Supply Limited	100.00	100.00
12	Bharatpur Electricity Services Limited	100.00	100.00
13	CESC Green Power Limited	100.00	100.00
14	Jharkhand Electric Company Limited	100.00	100.00
15	Jarong Hydro-Electric Power Company Limited	100.00	100.00
16	Eminent Electricity Distribution Limited	100.00	100.00
17	Au Bon Pain Café India Limited	93.10	93.10
18	Crescent Power Limited	67.83	67.83
19	Mahuagarhi Coal Company Pvt Ltd (50% Joint Venture)	50.00	50.00
20	Noida Power Company Limited (NPCL) (Joint Venture)	49.55	49.55

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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