

Bangalore Electricity Supply Company Limited

October 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	600.00 (Reduced from 1500.00)	CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded to CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING* from CARE BBB; Negative / CARE A3
Long-term bank facilities	5913.99 (Reduced from 10,585.14)	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded to CARE BB+; Stable; ISSUER NOT COOPERATING* from CARE BBB; Negative
Short-term bank facilities	3,150.00 (Reduced from 4,400.00)	CARE A4; ISSUER NOT COOPERATING*	Downgraded to CARE A4; ISSUER NOT COOPERATING* from CARE A3
Issuer rating	-	Withdrawn	Downgraded to CARE BB+; Stable; ISSUER NOT COOPERATING* from CARE BBB; Negative and withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Bangalore Electricity Supply Company Limited (BESCOM) to monitor the rating(s) vide e-mail communications dated June 20, 2025, July 09, 2025, July 22, 2025, August 21, 2025, September 25, 2025, and October 09, 2025, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating based on the best available information, which in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Ratings on BESCOM bank facilities will now be denoted as CARE BB+; Negative /CARE A4; ISSUER NOT COOPERATING*.

The issuer rating and ratings on the part facility are withdrawn at the request of BESCOM and 'No Objection Certificate' received from the banks that have extended the facilities rated by CareEdge Ratings.

In view of non-availability of information and lack of clarity on profitability and moderate financial profile per last available information, CareEdge Ratings has revised ratings for bank facilities of BESCOM to CARE BB+; Stable Issuer not cooperating / CARE A4; Issuer not cooperating.

Users of these rating (including investors, lenders and the public at large) are hence requested to exercise caution while using above rating(s).

Analytical approach: Standalone and factoring linkages with its parent, Government of Karnataka (GoK).

CareEdge Ratings has considered the company's standalone business and financial profile to arrive at ratings. Ratings also factor in the systemic importance of BESCOM for the power sector of Karnataka and its operational and financial linkages with GoK (the parent holding entire shares in BESCOM) due to which ratings have been notched up.

Outlook: Stable

Detailed description of key rating drivers:

At the time of the last rating on July 23, 2024, the following were key strengths and weaknesses.

Key strengths

Regulated monopoly

BESCOM is one of the five distribution companies (discoms) of Karnataka. It is also the largest discom in Karnataka with over 13.90 million consumers. Being the sole power distributing licensee in its territory, BESCOM operates in a cost-plus tariff regime.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications

It has opportunity to recover cost incurred (subject to approval from Karnataka Electricity Regulatory Commission (KERC), return on equity and generate additional income from incentive by posting better operating efficiencies.

Satisfactory operational performance and regulatory discipline in past

BESCOM has demonstrated significant reduction in (Aggregate Technical & Commercial (AT&C) loss in the last 15 years. AT&C loss profile had been among the better ones in the country. Due to favourable demographic profile of its consumers, BESCOM has increased collection through digital mode over the years through different initiatives. The transmission and distribution (T&D) loss for FY23 was lower than normative, leading to incentive income for the company.

In the past, BESCOM has been compliant with the timeline for tariff petition filing. In terms of receipt of tariff order, there has not been significant delay. True-up process of actual parameters has been regular.

Strategic importance for GoK with financial support in the past

The company is 100% held by GoK. BESCOM has a dominant position in power distribution in Karnataka. Almost 45% of the total energy purchased by Karnataka state discoms is attributable to BESCOM. In terms of sales of energy to the consumer, BESCOM's share in Karnataka continues to be almost same. Given the strategic importance of the distribution utility, the government has been providing funding support to utility through equity infusion, tariff subsidy, loan and guarantee for external loan. Continued and timely support from GoK would remain important for the discom to manage its requirements.

Key weaknesses

Weak collection in FY24

The company's collection efficiency continued to remain lower than 98% in FY23 and FY24. There has been delay in receipt of dues from state government entities and tariff subsidy component in FY24.

Restricted tariff hike in the past

Except for the control period of FY18 and FY19, the annual tariff hike has been less than 8% in the control period of FY14 to FY23. In this period, the hike pleaded by BESCOM had been higher. On February 28, 2024, KERC rolled out tariff order for FY25 reducing tariff for BESCOM against the hike in tariff pleaded by BESCOM. Reduction in tariff is due to lower acknowledgment of power purchase cost by KERC. However, the management expects that the under-recovery of power purchase cost will be largely controlled due to the recently introduced Fuel and Power Purchase Cost Adjustment (FPPCA) provision.

High power purchase cost while partial recognition of the same by the regulator

BESCOM's average power purchase cost continued to remain high considering higher allocation of costlier thermal plants compared to other discoms of Karnataka and lower allocation of cheaper hydro power. Higher purchase of renewable power resulted in higher back-down of thermal plants, while higher capacity charge of these plants adversely impacts per unit power purchase. The management has cited that implementation of fuel cost adjustment charges (FAC) and its regular revision has curbed losses to some extent.

Limited tariff hike, flight of high tariff consumers to open access mode and sale of surplus power to other discoms of Karnataka at lower price has led to lower average unit tariff realisation in the past. The company is not eligible to receive return on equity (ROE) component due to its negative net worth. Hence, profitability has been significantly impacted.

High level of receivables contributed by dues from government department, subsidy receivables and regulatory assets

BESCOM receivable position is elongated characterised by delayed payment from different government departments, slower realisation of tariff subsidy in the past, high level of dues pending from other discoms of Karnataka considering energy balancing charges and finally due to regulatory receivables. Adjusted average collection period for BESCOM in FY22 and FY23 stood high at 230 days and 179 days, respectively. It is estimated to be at similar stretched level in FY24.

Elevated level of creditors and debt

BESCOM's cash flow from operations has been weak in the past considering significant under-recovery of power purchase cost, high interest burden and increasing receivables from GoK/rural/urban local bodies. Moreover, it has incurred sizable capex in the past to upgrade its network infrastructure. Hence, it has relied significantly on stretched creditor and debt for funding it. While the company's net worth was negative, its total debt is projected to increase in the medium term considering losses, continuous high receivables, liquidation of creditors, and capex to be incurred.

Liquidity: Stretched

Due to weak operating profit and increasing receivables, cash flow from operations has been weak for BESCOM. This had resulted in stretch in creditors in the past, characterised by payable days. Average fund-based working capital utilisation in 12-months ended April 2024 was high at 88.66%. The company had nominal cash balance as on March 31, 2024. Due to its parentage, BESCOM is expected to enjoy financial flexibility in terms of access to bank loans. Rate of interest and margin required for its short-term loans/overdraft facilities have been competitive. Projected gross cash accrual (GCA) for FY25 against gross repayment is marginal. Hence, BESCOM is expected to rely heavily on equity, capital grants, consumer contributions and term loans for meeting its capex requirement.

Applicable criteria

[Notching by Factoring Linkages with Government](#)

[Financial Ratios – Non financial Sector](#)

[Issuer Rating](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power distribution

Incorporated on April 30, 2022, BESCOM is engaged in the distribution of power in the eight districts of Karnataka (Bangalore Urban, Bangalore Rural, Chikkaballapura, Kolar, Davanagere, Tumkur, Chitradurga and Ramanagara). During unbundling in June 2002, the distribution business of Karnataka Power Transmission corporation Limited was divided to four new distribution companies including BESCOM. BESCOM has four operating zones – Bangalore Metropolitan Area Zone (North), Bangalore Metropolitan Area Zone (South), Bangalore Rural Area Zone and Chitradurga Zone. In terms of coverage, it is across 41,092 sq. km with a population of over 20.7 million and consumer base of over 13.90 million. BESCOM holds distribution license valid for 25 years from June 10, 2004.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	26,339	34027
PBILDT	448	-166
PAT	-1768	-3863
Overall gearing (times)	Negative	Negative
Interest coverage (times)	0.34	Negative

A: Audited; NM: Not meaningful; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2036	2257.09	CARE BB+; Stable; ISSUER NOT COOPERATING
Fund-based - LT-Working capital Term Loan		-	-	December 2036	3,656.90	CARE BB+; Stable; ISSUER NOT COOPERATING
Fund-based - ST-Bank Overdraft		-	-	-	840.00	CARE A4; ISSUER NOT COOPERATING
Fund-based - ST-Working Capital Limits		-	-	-	2,310.00	CARE A4; ISSUER NOT COOPERATING
Issuer Rating-Issuer Ratings		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ST-BG/LC		-	-	-	600.00	CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING*

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	CARE BB+; Stable; ISSUER NOT COOPERATING *	1)CARE BBB; Negative (23-Jul-24)	1)CARE BBB+; Stable (08-Jun-23)	-
2	Issuer Rating-Issuer Ratings	LT	-	-	CARE BB+; Stable; ISSUER NOT COOPERATING *	1)CARE BBB; Negative (23-Jul-24)	1)CARE BBB+; Stable (08-Jun-23)	-
3	Fund-based - LT-Working capital Term Loan	LT	-	-	CARE BB+; Stable; ISSUER NOT COOPERATING *	1)CARE BBB; Negative (23-Jul-24)	1)CARE BBB+; Stable (08-Jun-23)	-
4	Fund-based - ST-Working Capital Limits	ST	-	-	CARE A4; ISSUER NOT COOPERATING	1)CARE A3 (23-Jul-24)	1)CARE A3+ (08-Jun-23)	-
5	Fund-based - ST-Bank Overdraft	ST	-	-	CARE A4; ISSUER NOT COOPERATING *	1)CARE A3 (23-Jul-24)	1)CARE A3+ (08-Jun-23)	-
6	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING *	1)CARE BBB; Negative / CARE A3 (23-Jul-24)	1)CARE BBB+; Stable / CARE A3+ (08-Jun-23)	-
7	Fund-based - LT-Term Loan	LT	2257.09	CARE BB+; Stable; ISSUER NOT COOPERATING *	CARE BB+; Stable; ISSUER NOT COOPERATING *			
8	Fund-based - LT-Working capital Term Loan	LT	3656.90	CARE BB+; Stable; ISSUER NOT COOPERATING *	CARE BB+; Stable; ISSUER NOT COOPERATING *			
9	Fund-based - ST-Bank Overdraft	ST	840.00	CARE A4; ISSUER NOT COOPERATING *	CARE A4; ISSUER NOT COOPERATING *			

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
10	Non-fund-based - LT/ ST-BG/LC	LT/ST	600.00	CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING *	CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING *			
11	Fund-based - ST-Working Capital Limits	ST	2310.00	CARE A4; ISSUER NOT COOPERATING *	CARE A4; ISSUER NOT COOPERATING *			

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working capital Term Loan	Simple
3	Fund-based - ST-Bank Overdraft	Simple
4	Fund-based - ST-Working Capital Limits	Simple
5	Issuer Rating-Issuer Ratings	Not applicable
6	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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