Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited

February 20, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,266.00	CARE C; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating reaffirmation on bank facilities of Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (MPPoorva) factors in the continuous delays in servicing of debt availed from other financial institutions (facilities not rated by CARE Ratings Limited [CareEdge Ratings]), as reported by the statutory auditor in audited annual report of FY25 and provisional H1FY26. However, CareEdge Ratings notes that the company has been regular in servicing of the debt facilities rated by CareEdge Ratings, as confirmed by the lenders. The company had been regularly sharing no default statements with CareEdge Ratings suggesting timely debt servicing. The rating continues to remain constrained considering company's weak financial risk profile, marked by a negative net worth due to accumulated losses, limited tariff hikes, subdued operational performance, and a challenging regulatory environment.

However, the rating continues to favourably factor in the strategic importance of MPPoorva to the state's power sector, its monopoly position in power distribution across 16 districts of Madhya Pradesh, and the continued support from the Government of Madhya Pradesh (GoMP), reflected through subsidies, loans, and grants extended in the past.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Track record of timely servicing of debt obligations of entire debt on a sustained basis.
- Significant improvement in the capital structure/debt reduction.
- Significant reduction in aggregate technical and commercial (AT&C) losses.

Negative factors

- Continued losses with further increase in receivables deteriorating the cash flow position.
- Continued stretching of payable days on a sustained basis.
- Diminution or delay in support from the state government.

Analytical approach:

CareEdge Ratings has analysed MPPoorva's credit profile by considering financials and business risk profile and support from the M. P. Power Management Company Limited (MPPMCL), which is the holding company of the Discom and is responsible for power purchase at a consolidated level with high cash flow fungibility. CareEdge Ratings has also factored operational and financial linkages with GoMP.

Outlook: Stable

Stable outlook reflects that the company is expected to maintain steady AT&C loss and elevated leverage in the medium term.

Detailed description of key rating drivers:

Key weaknesses

Default in loans servicing

In the auditor's report for FY25, it was highlighted that the company is defaulting on loan repayments to certain financial institutions. Of the 14 broad classification of default, 13 were with the GoMP, and one was with other financial institutions. The company has stated that these are legacy loans that were transferred to company's balance sheet at the time of bifurcation of MP State Electricity Board in 2004-05. The company does not have records for these loans and that there is no demand made by the lenders of these loan, hence the payments are not being made. Per feedback from three key lenders, the debt servicing on loans is timely including the limits rated by CareEdge Ratings.

Weakened operational and financial performance

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

AT&C losses in Madhya Pradesh's distribution network have remained persistently high. The company's AT&C loss sharply increased from 22.16% in FY23 to 28.20% in FY24, and improved in FY25 to 25.53%. This is due to low billing efficiency of the company, partially offset by improving collection efficiency.

The company's net worth has eroded due to net losses reported in the past. Operational loss and elevated debt levels have also resulted in weak debt coverage ratios.

Stretched collection and creditor period
Debtor days have remained higher and have increased further over the last two years, from 108 days in FY2023 to 119 days in FY2025, indicating continued stretch in collections and slower realisation of previous receivables. This puts additional pressure on working capital requirements of the company. Creditor days remain high at ~250–260 days across the period which are primarily supported by the parent entity, suggesting continued reliance on extended payment cycles to suppliers to manage liquidity. The negative operating cycle is largely supported by these stretched payables, primarily due to outstanding payments to MPPMCL.

Weak power regulatory framework
MPPoorva faces significant regulatory risks associated with limited traffic hikes. Given the inadequate tariff revenue and tariff hikes, there is a revenue shortfall due to subsidised rates of agricultural and residential supply, which is funded through subsidy from GoMP.

Dependency on tariff subsidy from state government
The company heavily relies on government subsidies as the tariffs are not reflective of cost of power and consumers in the residential and agriculture sectors benefit from cross-subsidies funded by other consumer segments. In FY24 and FY25, the company received subsidies of ~₹7,152 crore and ₹7,492 crore, respectively, accounting for 40-45% of revenue highlighting its dependence on such financial support.

Key strengths
Strategic importance and financial support from state government
MPPoorva is fully owned by MPPMCL which is GoMP undertaking. MPPoorva is a critical entity in the state's power sector, vital for ensuring the stability and growth of the electricity supply system. By the strategic importance of the distribution utility, the government has been providing funding support to it through equity infusion, tariff subsidy, and grants.

Regulated monopoly business
MPPoorva is one of the largest distribution companies in covering 16 districts. As the only power distribution company in the eastern region of Madhya Pradesh, MPPoorva maintains monopoly in this region. The company operates in a cost-plus tariff regime having a regulatory framework of filling of ARR and tariff petition with the MPERC. It has the opportunity of recovering the cost incurred (subject to approval from MPERC) and RoE.

Liquidity: Stretched
The company's liquidity is stretched, with current ratio of below one and negative net working capital as of March 2025 end. Most long-term debt is from GoMP, and loans from Power Finance Corporation Ltd (PFC), State Bank of India (SBI), and Rural Electrification Corporation (REC). Despite ongoing losses, the company meets its term and interest obligations through monthly requisitions from its parent, MPPMCL. As on January 31, 2026, the company holds ₹123 crore in cash and cash equivalents.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Power Distribution
State Governments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power distribution

MPPoorva was established on May 31, 2002, as an offshoot of the Madhya Pradesh State Electricity Board (MPSEB), which was subsequently unbundled into separate entities: one for generation, one for transmission, and three for distribution. These distribution companies, known as DISCOMs, serve the Central, Western, and Eastern regions of Madhya Pradesh. MPPoorva is a state-owned electricity distribution company responsible for supplying power to the eastern region of Madhya Pradesh. It serves areas, such as Jabalpur, Sagar, and Narmada Valley, ensuring reliable electricity distribution to urban, rural, and industrial consumers.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	6M FY26 (Prov)
Total operating income	14,247.87	15,421.19	7,727.00
PBILDT*	-909.00	413.76	564.00
Profit after tax (PAT)	-2,161.21	-912.62	-406.00
Overall gearing (x)	-0.65	-0.62	-0.61
Interest coverage (x)	-0.69	0.29	0.92

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Long Term		-	-	-	1266.00	CARE C; Stable

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-Long Term	LT	1266.00	CARE C; Stable	-	1)CARE C; Stable (13-Dec-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/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-Long Term	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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About us:

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