

Southern Power Distribution Company of Telangana Limited

March 13, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	2,643.39	CARE B-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Negative and moved to ISSUER NOT COOPERATING category
Short-term bank facilities	300.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Southern Power Distribution Company of Telangana Limited (TSSPD) to monitor ratings vide e-mail communications dated February 17, 2026; February 27, 2026; March 02, 2026; March 05, 2026; and numerous phone calls. However, despite repeated requests, the company has not provided requisite information for monitoring ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed ratings basis best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at the fair rating(s). Ratings of TSSPD's bank facilities will now be denoted as CARE B-; Stable; ISSUER NOT COOPERATING/CARE A4; ISSUER NOT COOPERATING.

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

Ratings on bank facilities of TSSPD considers modest operational performance, weak profitability, elongated receivable position, and elevated leverage metrics. Ratings remained constrained due to exposure of TSSPD to regulatory risks such as regular tariff revision and full pass-through of costs and its large share of agricultural consumers and increasing dependence on subsidy payments from the Government of Telangana (GoTS).

However, ratings favourably factor in strategic importance of TSSPD for the state's power sector, underpinning government support, and its operations in a cost-plus return-on-equity (RoE) regulatory model assuring stable cashflows.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on July 31, 2025, following were rating strengths and weaknesses.

Key weaknesses

Weakened operational and financial performance

The company's billing efficiency and collection efficiency for FY25 are estimated at 88-89% and 89-90% respectively, in line with FY24 levels, suggesting that aggregate technical and commercial (AT&C) losses came in at 19-20%, slightly higher than FY24 level of ~18%. The company's net worth has continuously eroded due to net losses reported in the last few years. Operational loss and elevated debt levels also resulted in weak debt coverage ratios.

Stretched collection and creditor period

Average collection period for the discom stretched from 176 days at FY24-end to ~240 days at FY25-end. Most debtors pertain to government entities. The company depends on subsidy from GoTS due to power supply at subsidised rates to certain consumer categories. Delayed payments to state-owned generation company (genco) resulted in elongated creditor cycle due to liquidity constraints.

Weak power regulatory framework

TSSPD faces significant regulatory risks associated with tariff revisions. Given inadequate tariff revenue and tariff hikes, there is a revenue shortfall due to subsidised rates of agricultural supply, which is funded through revenue subsidy from GoTS. In its tariff

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

petition for FY25-26, TSSPD has forecasted revenue of ₹46,035 crore at existing tariff and estimating a net gap of ₹9,758 crore. The Telangana State Electricity Regulatory Commission (TSERC) did not allow tariff revision, although GoTS is expected to make up for the revenue shortfall through revenue subsidy.

Less favourable consumer category mix and dependency on tariff subsidy from state government

In the past, total power sales volume to agricultural customers has stood above 25%, although this category contributed to less than 10% of TSSPD's power revenue. Most consumers in this category have been heavily subsidised through cross-subsidy from other consuming segments. The state government has also implemented the 'Gruha Jyothi Scheme' in Telangana for providing free electricity to eligible domestic consumers, increasing dependency on subsidies. Sustained healthy realisation of booked tariff subsidy will remain a key credit monitorable going forward.

Key strengths

Strategic importance and financial support from state government

The company is 100% held by GoTS and is strategically important to the state with distribution license accorded by TSERC to TSSPD, which caters to almost 70% power requirement in Telangana. By strategic importance of the distribution utility, the government has been providing funding support to it through equity infusion, tariff subsidy, and grants. GoTS had infused additional equity on a need basis for the last four years up to FY21. The GoTS also provided revenue grant under the Ujwal DISCOM Assurance Yojana (UDAY) scheme equivalent to 50% of losses incurred by the company. Continuous and timely support from GoTS will be important for the discom for managing its fund requirements.

Regulated monopoly business

TSSPD is the largest distribution company in Telangana covering 15 districts, including Hyderabad, catering to ~11.3 million consumers. As the only power distribution company in the southern region of Telangana, TSSPD maintains monopoly in this region. TSSPD operates in a cost-plus tariff regime having a regulatory framework of filling of aggregate revenue requirement (ARR) and tariff petition with the TSERC, followed by recovery of cost incurred and RoE per tariff approval from TSERC.

Liquidity: Not applicable

Applicable criteria

[Definition of Default](#)

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

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

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[Short Term Instruments](#)

[Power Distribution](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power distribution

TSSPD (erstwhile known as Andhra Pradesh Central Power Distribution Company Limited [APCPDCL]) is the largest distribution company in Telangana catering to over 11.2 million consumers. Incorporated on March 31, 2000, TSSPD currently operates as a distribution licensee in southern Telangana covering 15 districts, with major ones including Hyderabad, Mahaboobnagar, Nalgonda, Medak, and Ranga Reddy.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	40,332.99	44,529.64
PBILDT*	-1,117.27	4,630.55
Profit after tax (PAT)	-4,909.53	-1,102.88
Overall gearing (x)	-0.99	-1.30
Interest coverage (x)	-0.34	1.11

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 - LT-Cash Credit		-	-	-	1350.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	1000.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31/03/2029	248.53	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31/03/2029	44.86	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	300.00	CARE A4; ISSUER NOT COOPERATING*

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

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	248.53	CARE B-; Stable; ISSUER NOT COOPERATING *	1)CARE BB-; Negative (31-Jul-25) 2)CARE BB-; Negative (08-Apr-25)	1)CARE BB-; Negative (02-Apr-24)	1)CARE BB-; Stable (07-Apr-23)	1)CARE BB-; Negative (30-May-22)
2	Fund-based - LT-Term Loan	LT	44.86	CARE B-; Stable; ISSUER NOT COOPERATING *	1)CARE BB-; Negative (31-Jul-25) 2)CARE BB-; Negative (08-Apr-25)	1)CARE BB-; Negative (02-Apr-24)	1)CARE BB-; Stable (07-Apr-23)	1)CARE BB-; Negative (30-May-22)
3	Fund-based - LT-Cash Credit	LT	1350.00	CARE B-; Stable; ISSUER NOT COOPERATING *	1)CARE BB-; Negative (31-Jul-25) 2)CARE BB-; Negative (08-Apr-25)	1)CARE BB-; Negative (02-Apr-24)	1)CARE BB-; Stable (07-Apr-23)	1)CARE BB-; Negative (30-May-22)
4	Non-fund-based - ST-Letter of credit	ST	300.00	CARE A4; ISSUER NOT COOPERATING *	1)CARE A4 (31-Jul-25) 2)CARE A4 (08-Apr-25)	1)CARE A4 (02-Apr-24)	1)CARE A4 (07-Apr-23)	1)CARE A4+ (30-May-22)
5	Fund-based - LT-Cash Credit	LT	1000.00	CARE B-; Stable; ISSUER NOT	1)CARE BB-; Negative	1)CARE BB-; Negative	1)CARE BB-; Stable (07-Apr-23)	1)CARE BBB+ (CE); Stable (27-Jul-22)

				COOPERATING *	(31-Jul-25)	(02-Apr-24)		2)Provisional CARE BBB+ (CE); Stable (04-Jul-22)
6	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	-	1)Withdrawn (07-Apr-23)	1)CARE BB (27-Jul-22) 2)CARE BB (04-Jul-22)

*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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Letter of credit	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.

Contact us

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