Malegaon Power Supply Limited

April 23, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	70.59 (Reduced from 75.88)	CARE BBB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	130.00	CARE BBB-; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Reaffirmation of ratings of Malegaon Power Supply Limited (MPSL) continue to draw strength from its strong parentage from 100% ownership by CESC Limited (CESC; rated CARE AA; Negative / CARE A1+), which has vast experience in managing the power distribution business in India. Ratings further draw strength from strong operational and financial support by CESC in the form of equity infusion and letter of comfort for bank facilities availed by MPSL. CESC's adequate board representation in MPSL and sharing of a common treasury team is also a credit positive.

Ratings also factor in presence of 20-year long term distribution franchisee agreement with Maharashtra State Electricity Distribution Company (MSEDCL), providing stable revenue visibility and linkage of power purchase cost with retail tariff which shall provide protection to profit margin to a large extent.

However, rating strength continues to be tempered by MPSL's small scale of operations and high level of aggregate technical and commercial (AT&C) losses prevalent in the Malegaon service area. Ratings are constrained by the entity's weak financial profile on a standalone basis, as evident from operating losses in the past and support required from parent company for debt servicing.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Reduction in AT&C losses below 25% on a sustained basis.
- The company earning sufficient cash accruals to meet its repayment obligations on a sustained basis.

Negative factors

- Inability of the company to reduce AT&C losses on a sustained basis.
- Significant deterioration in the credit profile of the promoter or dilution in its support philosophy towards MPSL.

Analytical approach: Standalone, factoring in support from the parent, CESC

CARE Ratings Limited (CareEdge Ratings) has notched up ratings factoring operational, financial and managerial support extended by the promoter CESC.

Outlook: Stable

The stable outlook reflects continuation of support from CESC in line with past trends, the company's ability to sustain moderate operational performance in its licensed area and limited reliance on debt in the medium term.

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

Detailed description of key rating drivers:

Key strengths

Strong parentage

MPSL derives strong operational, managerial and financial support from its parent, CESC. The entire stake in MPSL is held by CESC, which is a vertically integrated power utility with several decades of experience. The promoter group has a highly qualified and experienced employee pool, having large experience in their related field. MPSL also has adequate board representation from the promoter and also shares a common treasury team. MPSL received significant fund support (in the form of equity infusion) from CESC for funding its losses, capex and for meeting its debt repayment obligations. CESC also provided letter of comfort (LOC) for bank facilities availed by MPSL. CESC's management affirmed support to the entity in case of cash flow mismatches in the medium term, since the entity is in the distribution business, which is strategically important for the group.

Expected support from parent entity

CESC took over operations for Malegaon from March 01, 2020, and hence, incorporated the special purpose vehicle (SPV) MPSL. Though the take-over took place in March 2020, due to COVID-19 pandemic, actual activities in the region for improvement in infrastructure, instalments of new meters and initiation of action could not be done till September 30, 2021. It could only start full-fledged from H2FY22. MPSL has been incurring operating losses since takeover by CESC due to high transmission and distribution (T&D) losses. The parent has been supporting MPSL through equity infusion/promoter loan. The parent provided LOC for all bank facilities availed by MPSL, leading to a lower interest rate on such facilities. Going forward, MPSL's focus will be on reduction of distribution losses. Till turnaround of business, the parent is expected to extend financial support to MPSL for funding operating losses, capital expenditure and meeting debt servicing obligations. CareEdge Ratings expects such support from the parent to continue till the time cash flows from MPSL's operations are self-sustaining.

Long residual tenure of the agreement provides revenue visibility

Under the terms of the agreement, MPSL shall collect the money from consumers and make payment to MSEDCL monthly. The agreement with MSEDCL was signed on May 14, 2019, and is valid for 20 years from the date of handing over of business operations of Malegaon area (March 01, 2020), which provides revenue visibility over a long period. Per the distribution franchisee (DF) agreement, the company is required to incur minimum capex of ₹20 crore each year for five years at cumulative capital expenditure of ₹100 crore, against which MPSL incurred ₹70 crore till March 31, 2025.

Established track record of promoters in the power distribution business

MPSL's operational team is deputed from CESC. MPSL has operational support from the parent company, which has experience in the distribution business. The group has been in the distribution business (Kolkata Operations) for over three decades, having a consumer base of over 3.4 million. The group successfully turned around operational performance of the distribution licensee business in the greater Noida region in the past. CESC has also been operating three distribution franchisees in three different cities of Rajasthan, Bikaner (since May 2017), Bharatpur (since June 2016) and Kota (since June 2016). The group has been successful in reducing the AT&C losses in all its distribution franchisees and licensees.

Key weaknesses

Small scale of operations and limited operational track record

The scale of operation at present is relatively small with a consumer base of 1.30 lakh as on September 30, 2025. However, the company enjoys operational support from CESC, which has been into the distribution business for long period of time.

High level of AT&C losses in the service area

Per the management, pre-takeover AT&C losses in the Malegaon area stood at 56% in FY20. In FY23, AT&C losses were ~44% and 42% in FY24. It continued to remain high at 43% in FY25, which declined to 38% in 6MFY26. The company's profitability and gross cash accruals have been weak in the past, owing to high AT&C losses. The company is expected to undertake efforts to reduce AT&C losses, which include conducting camps to encourage people to take authorised connection, changing meters to tamper proof meters, and collection drives among others.

Liquidity: Adequate

MPSL's liquidity profile is aided by support from its parent CESC. The parent has been supporting MPSL financially to meet cash flow mismatch, meet its repayment obligations and fund losses. CareEdge Ratings expects such support from the parent to continue in the medium term. The company had free cash and cash equivalents of ₹125.7 crore, as on September 30, 2025.

Applicable criteria

[Definition of Default]
[Notching by Factoring Linkages in Ratings]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Financial Ratios – Non financial Sector]
[Infrastructure Sector Ratings]
[Short Term Instruments]
[Power Distribution]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power distribution

MPSL is an SPV formed by CESC. To improve operational efficiency of the distribution system and quality of service to its consumers, MSEDCL floated a proposal to appoint a private sector entity as DF for sale and supply of electricity in the Malegaon area. CESC won the bid and formed an SPV MPSL. The agreement is valid for 20 years from the effective date (date of handover of operations, March 01, 2020). MPSL would undertake sale, supply of power and billing to the consumers per the tariff approved by Maharashtra Electricity Regulatory Commission (MERC) periodically and would also be responsible for operations and maintenance of assets. The company's operations in the Malegaon area started from March 01, 2020.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	H1 FY26 (UA)
Total operating income	657	695	363
PBILDT*	-95	-158	-85
Profit after tax (PAT)	-95	-149	-79
Overall gearing (x)	-1.47	1.85	-
Interest coverage (x)	-9.65	-14.93	-20.39

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		-	-	-	60.00	CARE BBB-; Stable
Non-fund-based - LT/ ST-Letter of credit		-	-	-	130.00	CARE BBB-; Stable / CARE A3
Term Loan-Long Term		-	-	February 22, 2027	10.59	CARE BBB-; 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 2026-2027	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
1	Non-fund-based - LT/ ST-Letter of credit	LT/ST	130.00	CARE BBB-; Stable / CARE A3	-	-	1)CARE BBB-; Stable / CARE A3 (27-Jan-25) 2)CARE BBB-; Stable / CARE A3 (03-Apr-24)	-
2	Fund-based - LT-Cash Credit	LT	60.00	CARE BBB-; Stable	-	-	1)CARE BBB-; Stable (27-Jan-25) 2)CARE BBB-; Stable (03-Apr-24)	-
3	Term Loan-Long Term	LT	10.59	CARE BBB-; Stable	-	-	1)CARE BBB-; Stable (27-Jan-25)	-

							2)CARE BBB-; Stable (03-Apr-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 - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Letter of credit	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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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