

August 25, 2025

Mangalore Electricity Supply Company Limited: Moved to non-cooperating category; ratings downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based - Term loans	1,532.19	1,532.19	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; rating downgraded from [ICRA]A- (Stable) and moved to "ISSUER NOT COOPERATING" category
Fund-based - Overdraft	500.00	500.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; rating downgraded from [ICRA]A- (Stable) and moved to "ISSUER NOT COOPERATING" category
Non-fund-based - Letter of credit	275.00	275.00	[ICRA]A4+; ISSUER NOT COOPERATING*; rating downgraded from [ICRA]A2+ and moved to "ISSUER NOT COOPERATING" category
Fund based - Short term loan	40.00	40.00	[ICRA]A4+; ISSUER NOT COOPERATING*; rating downgraded from [ICRA]A2+ and moved to "ISSUER NOT COOPERATING" category
Unallocated	2.81	2.81	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING*/ [ICRA]A4+; ISSUER NOT COOPERATING*; rating downgraded from [ICRA]A- (Stable)/ [ICRA]A2+ and moved to "ISSUER NOT COOPERATING" category
Total	2,350.00	2,350.00	

* Issuer did not cooperate; based on best available information

[^]Instrument details are provided in Annexure I

Rationale

ICRA has moved the ratings for the bank facilities of Mangalore Electricity Supply Company Limited (MESCOM/the company) to the 'Issuer Not Cooperating' category. The ratings are denoted as "[ICRA]BB+ (Stable); ISSUER NOT COOPERATING/[ICRA]A4+; ISSUER NOT COOPERATING".

The ratings downgrade is because of the lack of adequate information on MESCOM's performance, resulting in uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its 'Policy in respect of non-cooperation by a rated entity' available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with MESCOM, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy in respect of non-cooperation by the rated entity Power- Distribution
Parent/Group support	The assigned ratings factor in the systemic importance that MESCOM holds for the state power sector, owing to which the Government of Karnataka (GoK) is expected to extend timely financial support to the entity, if needed
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of MESCOM

About the company

Mangalore Electricity Supply Company Limited (MESCOM), incorporated in 2002 is one of the five state-owned distribution utilities in Karnataka, which are licensed to supply electricity in the five designated areas of the state. MESCOM is licensed to distribute electricity in four districts of Karnataka, namely Dakshina Kannada, Udupi, Shivamogga and Chikkamagaluru with total consumers of 2.70 million as on March 31, 2024. The other distribution utilities in Karnataka are Bangalore Electricity Supply Company Limited (BESCOM), Gulbarga Electricity Supply Company Limited (GESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Chamundeshwari Electricity Supply Corporation Limited (CESC). The transmission function in Karnataka is under state-owned Karnataka Power Transmission Corporation Limited (KPTCL), while the state-owned power generation assets are under Karnataka Power Corporation Limited (KPCL). The GoK initiated the reforms process in the state power sector in 1999-2000 with the setting up of the Karnataka Electricity Regulatory Commission (KERC) and corporatisation of the electricity board.

Key financial indicators

MESCOM Standalone (audited)	FY2023	FY2024
Operating income (Rs. crore)	4,698.9	6,191.3
PAT (Rs. crore) *	51.9	-203.8
OPBDIT/OI (%)	16.0%	-7.3%
PAT/OI (%) *	1.1%	-3.3%
Total outside liabilities/Tangible net worth (times)	2.3	3.1
Total debt/OPBDIT (times)	1.9	- 3.6
Interest coverage (times)	4.7	- 2.4

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *PAT has been adjusted for prior period regulatory changes

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 25, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term Loans	Long-term	1,532.19	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	May 10, 2024	[ICRA]A- (Stable)	Mar 12, 2024	[ICRA]A- (Stable)	Dec 29, 2022	[ICRA]A- (Stable)
				Apr 16, 2024	[ICRA]A- (Stable); ISSUER NOT COOPERATING	-	-	-	-
Overdraft	Long-term	500.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	May 10, 2024	[ICRA]A- (Stable)	Mar 12, 2024	[ICRA]A- (Stable)	Dec 29, 2022	[ICRA]A- (Stable)
				Apr 16, 2024	[ICRA]A- (Stable); ISSUER NOT COOPERATING	-	-	-	-
Letter of credit	Short-term	275.00	[ICRA]A4+; ISSUER NOT COOPERATING	May 10, 2024	[ICRA]A2+	Mar 12, 2024	[ICRA]A2+	Dec 29, 2022	[ICRA]A2+
				Apr 16, 2024	[ICRA]A2+; ISSUER NOT COOPERATING	-	-	-	-
Short term loan	Short-term	40.00	[ICRA]A4+; ISSUER NOT COOPERATING	May 10, 2024	[ICRA]A2+	-	-	-	-
Unallocated	Long-term/ Short-term	2.81	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING/ [ICRA]A4+; ISSUER NOT COOPERATING	May 10, 2024	[ICRA]A- (Stable)/ [ICRA]A2+	Mar 12, 2024	[ICRA]A- (Stable)/ [ICRA]A2+	Dec 29, 2022	[ICRA]A- (Stable)/ [ICRA]A2+
				Apr 16, 2024	[ICRA]A- (Stable)/ [ICRA]A2+; ISSUER NOT COOPERATING	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based – Term loan	Simple
Fund-based – Overdraft	Simple
Non-fund based – Letter of credit	Very Simple
Fund based - Short term loan	Simple
Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	Jun 2016	-	May 2024	8.33	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Aug 2015	-	Jul 2024	4.68	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Dec 2018	-	Oct 2028	84.72	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Sep 2016	-	Aug 2024	11.90	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Sep 2016	-	Aug 2024	6.20	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Nov 2017	-	Oct 2027	111.13	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Mar 2020	-	Feb 2030	105.56	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Jun 2018	-	May 2028	77.78	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Mar 2020	-	Feb 2030	182.98	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Jun 2021	-	May 2031	238.47	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Mar 2022	-	Mar 2032	203.70	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	FY2021	-	FY2034	196.74	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term loan	Dec 2023	-	FY2034	300.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Overdraft	-	-	-	500.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Letter of credit	-	-	-	275.00	[ICRA]A4+; ISSUER NOT COOPERATING
NA	Short term loan	FY2024	-	FY2027-FY2028	40.00	[ICRA]A4+; ISSUER NOT COOPERATING
NA	Unallocated	-	-	-	2.81	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING/ [ICRA]A4+; ISSUER NOT COOPERATING

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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