July 30, 2020

CESC Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper (CP) Programme	1,600.00**	1,600.00**	[ICRA]A1+ reaffirmed
Total	**1,600.00**	**1,600.00**	

***Instrument details are provided in Annexure-1;** CP facilities are availed for funding working capital requirements; **Rs. 1300 crore commercial paper facility is carved out of fund-based working capital lines from banks, and the rating of the aforementioned instrument is based on the condition that total short-term borrowings (including commercial paper raised against the Rs. 1300 crore line, short-term debt, and short-term bank borrowings) of the company at any given point of time should not exceed the company's drawing power or the bank sanctioned fund-based limits (whichever is lower). The balance Rs. 300 crore commercial paper facility is over and above the assessed fund-based working capital limits from banks.*

Rationale

The rating reaffirmation takes into account CESC Limited's (CESC) regulated operations based on cost-plus based tariff principles, which leads to stable earnings and cash accruals, and the company's long-term earnings visibility, given that the distribution licence in Kolkata is valid for 18 more years. A steady increase in power demand in the licensee area supports sweating of the distribution infrastructure cost over a growing consumer base and results in benefits associated with the economies of scale. The rating reaffirmation also considers CESC's diversified consumer base, favourable income levels in a metro city, and increased adoption of digital payments, which supports a healthy collection efficiency, and the high reliability of power supply in CESC's command area, with 80-90% of the demand met from its own generation stations. ICRA notes that CESC's coal-based generation capacities are largely backed by long-term fuel supply agreements (FSA) with the subsidiaries of Coal India Limited (CIL), which largely mitigates fuel availability risks, and supports a competitive power generation cost. The rating also reflects the deterioration in the regulatory environment, given the significant slippages in the release of tariff orders in a timely manner by the West Bengal Electricity Regulatory Commission (WBERC). However, an operational monthly variable cost adjustment (MVCA) mechanism provides an automatic avenue for a prompt pass-on of fuel and power purchase costs and helps provide some stability to the company's earnings. CESC's operational indicators in the Kolkata licensee business remain superior than the normative targets, leading to sizeable efficiency gains and incentive income. This has helped the regulated power distribution business in Kolkata[1] generate consistent positive free cash flows despite its high operation and maintenance expenses, and stagnant tariff levels since January 2017.

Following the Covid-19 pandemic, CESC's power demand in Kolkata is expected to register a double-digit decline in the current fiscal, which would adversely impact the utility's cost coverage ratio in FY2021. Additionally, the company's collection efficiency has been adversely impacted in Q1 FY2021, which resulted in a sizeable working capital blockage. However, the operating environment is expected to improve gradually from the second quarter,

[1] CESC (Standalone) + Haldia Energy Limited

and timely recovery of the pending arrear bills remains crucial from the liquidity perspective. The rating also reflects the company's moderate leverage metrics, as well as its sizeable funding requirement in weaker group entities, which include DIL and power distribution franchisees in Kota and Malegaon. The rating also incorporates CESC's lumpy scheduled repayments, asset-liability mismatch, and low current ratio, which tempers its credit profile. However, the company's liquidity profile is supported by its sizeable cash and liquid investment balance of Rs. 1,806 crore outstanding as on March 31, 2020. Going forward, given CESC's large liquid investments, stable cash flows from the power distribution business, and high financial flexibility, its liquidity position is expected to remain comfortable, which would support its debt servicing ability.

Key rating drivers and their description

Credit strengths

Regulated operations based on cost-plus based tariff principles leading to stable earnings and cash accruals – The cost-plus nature of the tariff setting process leads to stable cash flows being generated from CESC's power distribution business in Kolkata. As per the regulatory norms, CESC is eligible to get a return of 15.5% on the regulated equity deployed in the generation business, and a return of 16.5% on the regulated equity deployed in the distribution business. Assuming no major disallowance of incremental capitalisation to the regulated asset base by the State Electricity Regulator, ICRA estimates CESC's regulated return on equity (RoE) in the Kolkata power distribution business to be around Rs. 858 crore in FY2020.

Long-term earnings visibility, given that the distribution licence in Kolkata is valid for 18 more years – CESC's power distribution licence in Kolkata is valid till September 2, 2038. Being the sole power distribution licensee in its coverage area, it faces low competitive pressures, which supports its credit profile. The rating also derives comfort from the long residual validity of the power distribution licence, which gives earnings visibility over the long term.

Steady increase in power demand in the licensee area supports sweating of the distribution infrastructure cost over a growing consumer base, leading to benefits associated with economies of scale – Power demand in CESC's command area has seen a steady increase over the years. ICRA notes that the peak demand in CESC's command area has increased to 2,337 MW in FY2020 from 1,450 MW in FY2009. Its annual power sales have witnessed a compounded annual growth rate (CAGR) of 3.0% between FY2009 and FY2020. Bulk of this incremental demand came from the low tension (LT) segment, largely driven by the increased adoption of electrical appliances and white goods like air conditioners and washing machines in urban areas. Given the high seasonal variability in power usage from domestic consumers, there is a significant difference in network demand in CESC's command area across the year. The same was reflected by the winter demand plummeting to 445 MW, and the summer demand surging to 2,337 MW in FY2020. That said, with the overall power sales steadily rising in its command area, the company benefits from the sweating of the distribution infrastructure cost over a growing consumer base, leading to benefits associated with the economies of scale.

Diversified consumer base, favourable income levels in a metro city, and increased adoption of digital payments support healthy collection efficiency – CESC's consumer base of 3.3 million are almost entirely concentrated within Kolkata, which is one of the leading metro cities in India. Almost two third of CESC's sales are in the LT segment, with the balance one third in the high tension (HT) segment. Consequently, the company has a diversified customer pool, which partly mitigates the counterparty credit risks. CESC has been able to maintain a collection efficiency of over 99.5% over the years, supported by the above average income levels in a metro city, and increased adoption of digital payments by consumers. ICRA notes that in FY2020, around 51% of CESC's LT consumers made bill payments through digital channels, which supported a faster cash conversion cycle.

High reliability of power supply, with 80-90% of demand met from own its generation stations – The peak demand in CESC's command area stood at 2,337-MW in FY2020, against which it had an operational installed capacity of 1,725-MW (including the 600-MW capacity of Haldia Energy Limited). Between FY2016 and FY2020, 80-90% of the power demand in CESC's licensee area was met through generation from own stations, leading to a high reliability of power supply.

Limited fuel availability risk for power generation stations – CESC has an installed coal-based power generation capacity of 2,325 MW, which entails an annual coal requirement of 8.5 and 9.0 million tonne per annum (mtpa). ICRA notes that except Unit I (300 MW) of DIL, which does not have a long-term power purchase agreement (PPA) at present, CESC's balance 2,025-MW capacity is backed by long-term FSA with CIL's subsidiaries. For CESC's generation stations which are linked to the regulated business in Kolkata (accumulating to 1,725 MW), coal is procured from three sources. These include – a) captive coal mine (meeting ~40-45% of the coal requirement for the 750-MW Budge Budge power plant), b) long-term FSA with CIL's subsidiaries, and c) through e-auction and imports. CESC largely remains insulated from fuel availability risks, as over 90% of its coal requirement for these stations are met collectively from the captive mine and long-term fuel supply linkages procured at notified prices. Moreover, proximity of CESC's power generation stations to the coal belt (resulting in low freight costs) leads to a competitive variable cost of generation.

Operational MVCA mechanism provides an automatic avenue for prompt pass-on of fuel and power purchase costs – Fuel and power purchase cost remain the highest contributor to CESC's operating costs, accounting for around 54% of CESC's turnover between FY2014 and FY2020. In this context, the operationalisation of an MVCA mechanism allows CESC to promptly pass-on increases in fuel and power purchase cost to the consumers, which in turn provides stability to CESC's earnings and supports its liquidity profile. CESC's average cost of supply (ACS) stood higher compared to its average realised tariff (including the levy of an MVCA of Rs. 0.29/unit), leading to a cost coverage ratio of around 95.4% in FY2020. Without the levy of MVCA, CESC's cost coverage would have been lower. However, such differential cost is recoverable by way of true-up orders as per necessary scrutiny by WBERC.

Operational indicators remain superior than normative targets, leading to sizeable efficiency gains and incentive income – CESC's business risk profile derives strength from its efficient operational indicators, with actual performance variables (such as station heat rate, distribution loss levels, plant availability, oil consumption norms, and auxiliary energy consumption) remaining superior than the regulatory targets. ICRA notes that the station heat rates at the Budge Budge and Haldia power stations are superior than their normative levels. The utility's distribution loss level of 8.87% recorded in FY2020 was also significantly lower than the normative allowed loss. This helps CESC derive sizeable efficiency gains and incentive income, which support its overall profits and accruals. In this regard, ICRA notes that WBERC has proposed a change in the basis of fuel cost determination for generation stations to new GCV[2]-based benchmarks from April 1, 2020. In the absence of tariff orders for the current fiscal, the new normative station heat rates for CESC and Haldia Energy are yet to be known. Moreover, given the absence of CESC's tariff orders, the normative distribution losses are also not known from FY2019. Consequently, any significant tightening in normative parameters remain a key rating sensitivity.

Credit challenges

Deterioration in the regulatory environment, given the significant slippages in the release of tariff orders in a timely manner by the State Electricity Regulator – Before FY2018, the power utilities in West Bengal operated under a stable and predictable regulatory environment, wherein the multi-year tariff (MYT) order for the ensuing three years was released by WBERC at the beginning of the control period. This provided a trajectory to a power

[2] GCV – Gross calorific value

utility's normative operating parameters, capitalisation to the regulated asset base, EBITDA[3], and return on equity. Moreover, given the pre-approved capitalisation to the regulated asset base in the MYT regime, risks of capex disallowances[4] by WBERC were also mitigated to a large extent if the capex deployment has been in line with the approved trajectory. However, the 3-year tariff control regime was temporarily discontinued for the tariff period starting from FY2018, and there has been a significant pile-up of pending orders for state power utilities in West Bengal in the last few years. Tariff orders for FY2019 and FY2020 have not been released yet, and true-up orders are awaited from FY2015. This has made the regulatory environment increasingly unpredictable, which tempers CESC's business risk profile.

CESC's average retail tariff (including MVCA) has increased only 4.9% since April 2015. In fact, its tariff levels have remained unchanged since January 2017, stagnating at the level of Rs. 7.31/unit (base tariff of Rs. 7.02/unit and MVCA of Rs. 0.29/unit). Consequently, given the increase in input costs during this period, CESC's operating profits from the regulated power business in Kolkata have witnessed some moderation from FY2019. As on March 31, 2020, CESC's regulated business in Kolkata had a cumulative regulatory asset base of Rs. 4,724.60 crore[5], of which ~84.5% was accounted by non-cash items like deferred tax (with equivalent deferred tax liability) and exchange fluctuations. Only ~15.5% of the outstanding balance was due to actual cost under-recoveries emanating from fuel and power purchase cost, and other adjustments having a bearing on the revenue account. However, a closer study of the annual movement in CESC's regulatory assets reveal that there has been an acceleration in the pace of fresh build-up of regulatory assets from FY2018, largely due to stagnant tariff levels. Out of the above, in the Annual Performance Review (APR) order for FY2014, which was released in March 2020, CESC has been allowed a true-up of Rs 382.74 crore. This would be recovered from consumers in future tariff orders.

Negative bid in the Sarisatolli captive coal block has led to fuel cost under-recoveries – Given the criticality of the captive coal block for the operational set up of CESC's 750-MW Budge Budge station, the company participated and won back the Sarisatolli coal block in the auction held in February 2015 at a negative bid of Rs. 470/MT (including the reserve price of Rs. 100/MT, which is a pass-on in the tariff). With around 40-45% of the coal requirement of the Budge Budge station met from the captive coal block, the negative bid has led to fuel-cost under-recoveries. However, winning back the captive coal block has ensured uninterrupted coal supply for the company. ICRA notes that CESC has made application for the recovery of the additional levy of Rs 997.76 crore paid for the Sarisatolli coal block (as per the judgment of the Hon'ble Supreme Court) for pass-on in the tariff, which is pending before WBERC. However, given the uncertainty regarding the timeliness of the recovery of this additional levy, CESC has entirely provided for this amount from its balance sheet, and the same is not included in its regulatory deferral account balance.

Operation and maintenance expense remain higher than regulatory approved limits in the Kolkata licensee business – Operation and maintenance expense is a controllable cost as per the regulatory norms. ICRA notes that CESC's operation and maintenance expense remains considerably higher than the amount allowed by WBERC in the FY2018 tariff order, which tempers its profits and accruals to an extent.

---

[3] Earnings before interest, depreciation, tax and amortisation

[4] CESC has cumulatively capitalised an estimated Rs. 1,430 crore of assets in FY2019 and FY2020. However, due to delays in the release of tariff orders, the benefit of the same is yet to be reflected in a proportionate increase in regulated RoE. Till the time such capitalisation is approved by the State regulator, CESC remains exposed to the risks of potential disallowance in past capex spends

[5] CESC (Standalone) – Rs. 4,240.80 crore and Haldia Energy Limited – Rs. 483.79 crore

System demand to decline in the current fiscal following the Covid-19 pandemic; collection efficiency adversely impacted in Q1 FY2021 resulting in working capital blockage – With commercial establishments and bulk consumers, like airports and metro railway, remaining closed during the lockdown following the Covid-19 pandemic (lockdown imposed from March 22, 2020), in line with the overall national power demand scenario in the country, CESC witnessed a steep 32% decline in power demand in its command area in Q1 FY2021. However, with the gradual relaxation of the lockdown from June 2020, the system demand has started increasing sequentially from June 2020. In the first seven days of July 2020, the system demand was lower only by ~8.5% year-on-year (YoY). ICRA expects the power demand in CESC's command area to be restored to the pre-Covid levels towards the end of Q2 FY2021. The overall lost sales in FY2021 would be limited to around 1,106 million units (MU), leading to a YoY contraction of ~11.1%. Given the expectation of a temporary decline in sales volume, and a likely drop in average realisations due to lower HT sales, fresh regulatory asset build-up in FY2021 would register its steepest annual rise as on date, unless CESC is able to implement meaningful cost reduction measures. Consequently, the utility's cost coverage ratio is expected to deteriorate somewhat in FY2021, being only partly offset by various cost control measures.

Apart from lower sales volumes, the utility has also witnessed a drop in collection in Q1 FY2021 due to lower provisional billing (at the average level of previous six months' consumption) during the peak summer months of April and May 2020 when meter readings could not be taken due to the lockdown. Meter readings were resumed from June 8, 2020, and CESC has started raising arrear bills for April and May along with the June bills. ICRA understands that to pass-on the due rate slab benefits to consumers, the cumulative consumption in April-May-June was equally distributed in the respective months so that the arrear units were not fully billed at the higher slabs in June 2020. However, as has been the trend witnessed in some other states, CESC received complaints from a section of its LT consumers on higher electricity bills for June, CESC. On July 19, 2020, the company had put in abeyance the recovery of April and May arrears till such consumer grievances were addressed by its internal teams. This is expected to lead to working capital blockage till such time the modality of recovery of such arrears is finalised. The management has shared that the outer timeline for recovery of these arrears is unlikely to cross FY2021.

Funding support extended to Group entities – In the past, CESC extended financial support to weaker entities of the Group, notably to DIL as well as distribution franchise SPVs in Kota, Bharatpur, and Bikaner. Moreover, CESC has taken over the Malegaon distribution franchise in Maharashtra from March 1, 2020, which is expected to entail capital support from CESC during the initial years. ICRA notes that DIL's operating profits have seen a significant increase following the operationalisation of the 170 MW PPA with Noida Power Company Limited from FY2018. In FY2020, DIL reported a nominal PBT loss of Rs. 9.72 crore, nearing break-even at the net-level. In addition, towards the end of March 2020, DIL received favourable orders from the Uttar Pradesh Electricity Regulatory Commission and the Central Electricity Regulatory Commission regarding additional billing on the ground of change in law, which would support the company's earnings going forward. Notwithstanding these positive developments, DIL's credit metrics remain weak, and the company would continue to depend on the cash flows from the regulated business in Kolkata to meet its debt service shortfalls in the near to medium term.

Moderate leverage metrics due to delays in tariff revision, high spending plans in the regulated power distribution business, and suboptimal PLFs/ low tariff for Unit I (300 MW) of DIL – CESC has been regularly incurring maintenance and replacement capex in its command area to reduce losses and improve system reliability. However, given that the tariffs have remained unchanged for over three and a half years, asset capitalisation and fresh addition to debt stock increased at a faster pace than the growth in its EBITDA, which had a moderating impact on its leverage metrics. Moreover, CESC's consolidated leverage metrics are further tempered by the weak credit metrics of DIL's 600-MW IPP due to its suboptimal PLFs and low tariff for Unit I (300 MW). CESC's consolidated fund flow from operations (FFO)/Total debt is expected to weaken to 8.4% in FY2021 from 9.5% in FY2020 due to lower sales during the current year. In line with the weakening in FFO/Total debt, CESC's consolidated net debt/OPBITDA is also expected to deteriorate in FY2021 compared to FY2020. However, ICRA notes that the company's consolidated debt had peaked at Rs. 15,648 crore in FY2017, and has witnessed a modest decline thereafter to Rs. 13,991 crore in FY2020.

Lumpy scheduled repayments, ALM[6] and low current ratio tempers credit profile; however, liquidity is supported by sizeable cash and liquid investment balance and high financial flexibility – CESC's standalone long-term debt outstanding as on March 31, 2020 stood at Rs. 4,863 crore against the current maturity of Rs. 1,182 crore. This leads to an average debt tenure of only 4.1 years, whereas the benefit of such assets would be realised over a much longer time frame. Though this strategy of availing medium and short-term loans to fund long-term assets/investments can lead to savings in interest costs, but the same leads to refinancing risk due to the lumpy nature of repayments. Reflecting the company's high dependence on short-term financing, CESC's current ratio has been less than 1 times in the past several years, and its balance sheet carried an asset liability mismatch as on March 31, 2020. ICRA, however, believes that CESC's refinancing risks get partly mitigated by its healthy financial flexibility, as well as its sizeable consolidated balance sheet liquidity of Rs. 1,806 crore as on March 31, 2020 (adequate to cover of one-year's scheduled debt repayment).

Liquidity position: Adequate

CESC's liquidity position is **adequate** supported by its sizeable consolidated on-balance sheet liquidity. Despite stagnant tariffs levels for three and a half years, CESC's regulated power business in Kolkata (CESC – Standalone + HEL) has consistently generated free cash flows, supported by its efficient operations. In FY2021, with the power demand in the Kolkata licensee area expected to drop by 11.1% due to the lockdown following the Covid-19 pandemic, consolidated retained cash flows are expected to decline by around 25.5% YoY to Rs. 891 crore in FY2021. To conserve cash, CESC's consolidated capex spends is expected to be curtailed by ~41% sequentially in FY2021 to Rs. 575 crore, leading to projected free cash flows of Rs. 316 crore in the current fiscal. CESC has scheduled consolidated long-term repayments of Rs. 1,809 crore in FY2021, which would lead to refinancing dependence. Apart from long-term repayments, the company also has short-term working capital loans due for repayment in FY2021. However, refinancing risks for such short-term loans get mitigated as the same are carved out of cash credit lines from banks. In FY2022, CESC's power demand in Kolkata is expected to recover to FY2020 levels. This, along with a modest revision in power tariffs, is expected to lead to a 36.4% YoY increase in retained cash flows to Rs. 1,216 crore in FY2022. Notwithstanding this increase, the company's free cash flows would continue to remain short of meeting its lumpy scheduled repayments, leading to refinancing risks. However, CESC's sizeable cash balance and healthy financial flexibility partly mitigate such risks.

Rating sensitivities

Negative triggers – Negative pressure on CESC's rating could arise if, for reasons including inordinate delays in tariff revision and/or tightening of operating norms in future by WBERC leads to significantly lower than expected profits, as well as a marked deterioration in the consolidated liquidity profile. The rating could also come under pressure if there is a significant deterioration in the credit profile of DIL, leading to a larger-than-expected[7] funding support from the Group. Key financial metrics which could exert pressure on the rating is consolidated net debt/OPBITDA crossing 5.0 times on a sustained basis.

---

[6] Asset liability mismatch – Indicates the gap between long-term assets and long-term liabilities

[7] Funding support to DIL is estimated at Rs. 100 crore in FY2021 and Rs. 70 crore in FY2022; no prepayment of debt has been assumed

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Power Distribution Utilities Rating Methodology for Thermal Power Producers Rating Methodology for Wind Power Producers
Parent/Group Support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of CESC Limited

About the company

Incorporated in 1978, CESC is the flagship company of the RP-Sanjiv Goenka Group and is involved in the generation and distribution of electricity. CESC has the licence to supply electricity in Kolkata and Howrah till September 2, 2038. The licensee area is of 567 sq. km and it caters to over 3.3 million consumers with an own generation capacity of 1,125 MW (coal based). CESC has two wholly-owned subsidiaries, Haldia Energy Limited and Dhariwal Infrastructure Limited, each operating 2X300-MW coal-based thermal power plants. The entire generation capacity of Haldia Energy Limited is tied-up under long-term cost-plus based power purchase agreement (PPA) with CESC. For Dhariwal Infrastructure Limited's generation capacity, 50% has been tied-up under long-term PPA, and the balance caters to the short-term demand. CESC also has 174-MW renewable energy generation assets (wind: 156-MW and solar: 18-MW) and a 40-MW coal washery rejects based thermal power plant under its two subsidiaries, Surya Vidyut Limited and Crescent Power Limited. In the power distribution segment, apart from Kolkata, CESC's 49.55% associate, Noida Power Company Limited (NPCL)[8], has licence to supply electricity in the Greater Noida area in Uttar Pradesh. Apart from the licensee power distribution business, CESC is gradually increasing its footprint in the power distribution franchise businesses. In FY2017, CESC took over the distribution franchise operations at Kota, Bharatpur and Bikaner in Rajasthan. In March 2020, CESC took over the power distribution franchise operations in Malegaon, Maharashtra.

In FY2020, the company reported a consolidated net profit of Rs. 1,236.52 crore on an operating income of Rs. 11,014.58 crore compared to a net profit of Rs. 1,128.79 crore on an operating income of Rs. 10,664.14 crore in the previous year.

[8] RP-SG Group has 73% shareholding and Greater Noida Industrial Development Authority has 27% shareholding in Noida Power Company Limited

Key financial indicators (audited)

	CESC (Standalone)		CESC Regulated Business in Kolkata *(CESC (Standalone) + Haldia Energy Limited)***		CESC (Consolidated)	
	FY2019	**FY2020**	**FY2019**	**FY2020**	**FY2019**	**FY2020**
Operating Income (Rs. crore)	7,753.7	7,835.9	7,758.0	7,837.3	10,664.1	11,014.6
PAT (Rs. crore)	936.6	917.8	1,261.1	1,235.5	1,128.8	1,236.5
OPBDIT/OI (%)	18.9%	19.6%	31.2%	31.3%	27.4%	27.0%
PAT/OI (%)	12.1%	11.7%	16.3%	15.8%	10.6%	11.2%
Total Outside Liabilities/Tangible Net Worth (times)	1.7	1.7	1.8	1.8	2.7	2.5
Total Debt/OPBDIT (times)	4.1	4.2	4.2	4.1	5.0	4.7
Net Debt/OPBDIT (times)	3.4	3.3	3.7	3.5	4.4	4.1
Interest Coverage (times)	3.1	2.8	2.8	2.7	2.2	2.2
Free cash flows (Rs. Crore)*	-19.7	-181.2	225.2	204.7	-264.2	215.4

**adjusted for depreciation routed through reserves; Net debt = Total debt less cash & liquid investments; **consolidated by ICRA based on elimination of important inter-group transactions between CESC Limited (Standalone) and Haldia Energy Limited*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2021)				Chronology of Rating History for the Past 3 Years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2019		Date & Rating in FY2018		Date & Rating in FY2017
					30-Jul-2020	29-Mar-2019	31-Jan-2019	3-Oct-2017	21-Jun-2017	30-Dec-2016
1	Commercial Paper	Short Term	1600.00	800.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE486A14EB6	Commercial Paper	4-Jun-20	~4.9% – 5.65%	2-Sep-20	300.00	[ICRA]A1+
INE486A14EC4	Commercial Paper	13-Jul-20	~4.9% – 5.65%	28-Sep-20	200.00	[ICRA]A1+
INE486A14ED2	Commercial Paper	21-Jul-20	~4.9% – 5.65%	29-Sep-20	300.00	[ICRA]A1+
NA	Commercial Paper - Unplaced	-	-	-	800.00	[ICRA]A1+

Source: CESC Limited; NA: Not Applicable

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Haldia Energy Limited	100.00%	Full Consolidation
Dhariwal Infrastructure Limited	100.00%	Full Consolidation
Surya Vidyut Limited	100.00%	Full Consolidation
Crescent Power Limited	67.83%	Full Consolidation
Noida Power Company Limited	49.55%	Equity Method
Kota Electricity Distribution Limited	100.00%	Full Consolidation
Bikaner Electricity Supply Limited	100.00%	Full Consolidation
Bharatpur Electricity Services Limited	100.00%	Full Consolidation
Mahuagarhi Coal Company Private Limited	50.00%	Joint Venture (Equity Method)
CESC Green Power Limited	100.00%	Full Consolidation
Malegoan Power Supply Limited *(Formerly known as Nalanda Power Company Limited)*	100.00%	Full Consolidation
CESC Projects Limited	100.00%	Full Consolidation
Bantal Singapore Pte Limited	100.00%	Full Consolidation
Pachi Hydropower Projects Limited	100.00%	Full Consolidation
Papu Hydropower Projects Limited	100.00%	Full Consolidation
Ranchi Power Distribution Company Limited	100.00%	Full Consolidation
Au Bon Pain Café India Limited	93.10%	Full Consolidation
Jarong Hydro-Electric Power Company Limited	100.00%	Full Consolidation
Jharkhand Electric Company Limited	100.00%	Full Consolidation
Eminent Electricity Distribution Limited	100.00%	Full Consolidation

Source: CESC Annual Reports

Analyst Contacts

Jayanta Roy
+91 33 7150 1120
jayanta@icraindia.com

Kaushik Das
+91 33 7150 104
kaushikd@icraindia.com

Ritabrata Ghosh
+91 33 7150 1107
ritabrata.ghosh@icraindia.com

Relationship Contact

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit www.icra.in

ICRA Limited

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Registered Office
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches

Mumbai	+ (91 22) 24331046/53/62/74/86/87
Chennai	+ (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata	+ (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore	+ (91 80) 2559 7401/4049
Ahmedabad	+ (91 79) 2658 4924/5049/2008
Hyderabad	+ (91 40) 2373 5061/7251
Pune	+ (91 20) 2556 0194/ 6606 9999