



Press Release
AJMER VIDYUT VITRAN NIGAM LIMITED
December 04, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1592.30	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	800.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	2392.30	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and its short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) to the Rs.2392.30 crore of bank facilities of Ajmer Vidyut Vitran Nigam Limited (AVVNL). The outlook is '**Stable**'.

Rationale for rating reaffirmation

The reaffirmation of the ratings factors in the stable revenue growth, sustained improvement in the T&D losses along with the healthy collection efficiency in the last three years ended 2025. Further, the rating also factors in the support received from the State Government of Rajasthan (GoR) in the form of subsidies, grants, loss funding and government guarantee backed borrowings. Also, the rating draws comfort from AVVNL's diverse consumer mix with high consumption from commercial and industrial consumers given their high tariff band. However, the rating is constrained on account of losses in FY2025 at PBT level and expected losses in near to medium terms along with weak financial risk profile.

About the Company

Incorporated in the year 2000, Ajmer Vidyut Vitran Nigam Limited (AVVNL) is a state power distribution company of Rajasthan State Electricity Board (RSEB). As per the Rajasthan Power Sector Reforms Act, 1999 of GoR, the erstwhile Rajasthan State Electricity Board (RSEB) was unbundled into a Generation Company, a transmission company and three Distribution Companies (Discoms) w.e.f. July 19, 2000. AVVNL has its registered office located in Ajmer (Rajasthan). The current directors of the company are Ms. Aparna Arora, Mr. Ashutosh Pednekar, Mr. Anil Kumar Gupta, Mr. Pranab Kumar Sinha, Mr. Bhaskar Sawant, Mr. Naresh Kumar Thakral, Mr. Mukesh Kumar Goyal, Mr. Narendra Singh Nirwan and Mr. Harsh Baweja.

Unsupported Rating

Acuite BB/Stable/A4+

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Ajmer Vidyut Vitran Nigam Limited (AVVNL). Further, the Acuite has also factored in the inherent support

extended from the State Government of Rajasthan.

Key Rating Drivers

Strengths

Strategically important role of AVVNL for the state of Rajasthan & support extended by the GoR

AVVNL came into existence in 2000 and caters the power requirements of around 11 districts of the state including Ajmer, Bhilwara, Udaipur, Chittorgarh etc to name a few. It is a strategically important entity and forms the backbone of the power sector infrastructure for Rajasthan with area of operation of around 88000 sq. km. The status of the company as a 100 per cent government of Rajasthan (GoR) owned entity provides it adequate financial flexibility. AVVNL's credit profile is also supported by its access to funds at low cost and its ability to mobilise financial resources from several financial institutions and multilateral development institutions. The rating also factors in the ongoing support extended by GoR to AVVNL in the form of regular infusion of funds in the form of equity and unsecured loans and guarantees extended by the state government. During FY2025, there was an equity infusion of Rs. 118.19 Cr. Further, well established regulatory processes in Rajasthan such as presence of multi-year tariff regulations and grants sanctioned by the GoR has strengthened the operations of AVVNL. Acuité believes that AVVNL, being a fully owned undertaking of GoR, shall continue to benefit from the financial, operational and management support of GoR from time to time. Any event that impinges GoR's overall credit profile shall remain a key rating sensitivity.

Sustainable improvement in the AT&C losses and T&D losses over the last 10 years

AVVNL has experienced sustained improvement in the Transmission and Distribution Losses [T&D] and Aggregate Technical and Commercial Losses [AT&C] over a period of last 10 years accrued to the implementation of multiple initiatives, capex to improve transmission lines, installing substations, among others. The collection efficiency of the discom has stood in range of 93% to 100% in last 10 quarters ending Q2FY2026. However, on a YOY basis the collection efficiency has improved to 100% in H1FY2026 from 98.32% in FY2025 and 94.77% in FY2024. The AT&C losses which over a decade have recorded an improvement, registered a decline to 9.19% in FY2025 as against 15.49% in FY2024.

Weaknesses

Below average financial risk profile

The financial risk profile remains below average marked by negative net worth and deterioration in the coverage indicators. However, the discom has reported profits in FY25 that resulted in improvement in the net worth. The debt levels stood at Rs.26,084.41 crore as on March 31, 2025 against Rs.24,624.92 crore as on March 31, 2024 due to the highly capital-intensive nature of business wherein to maintain the operational efficiencies, the company has to regularly incur capital expenditures. This higher debt has resulted in the deterioration of the debt protection metrics, reflected by moderate interest coverage ratio (ICR) of 2.03 times in FY25 against 1.71 times in FY24 and low debt service coverage ratio (DSCR) of 0.84 times in FY25 against 0.78 times in FY24. Though the company's DSCR has been weak in the past three years ended FY25. Acuité notes that AVVNL has received regular support from GoR in the form of grants and equity infusion to support their operations which is expected to continue going forward.

Moderation in profitability; though losses recovered by State Government in a phased manner

AVVNL reported revenues of Rs.21,522.73 crore in FY2025, down from Rs.21,882.35 crore in FY2024, primarily due to reduced consumption in the agricultural and industrial segments. Additionally, the absence of inflationary adjustments in tariffs led to a decline in the EBITDA margin to 15.67% in FY2025 from 17.68% in FY2024. The company posted profits in FY2025 owing to exceptional items, including the reclassification of UDAY grants—previously treated as capital in nature—now recognized as revenue subsidy. At the PBT level, however, AVVNL incurred a loss of Rs.288.96 crore in FY2025 compared to a profit of Rs.575.23 crore in FY2024.

Based on the 15th Finance Commission's recommendation, the Ministry of Finance approved

an additional borrowing space of 0.50% of GSDP for states in the power sector, contingent on meeting specific conditions. This measure aims to enhance operational and economic efficiency and promote sustained growth in paid electricity consumption. The special dispensation applies annually for four years, from FY2021-22 to FY2024-25. Under this scheme, the Government of Rajasthan has committed to absorbing future losses of the discoms in a phased manner, starting with 100% of losses from FY2024-25 onward.

Regulated nature of operations

The revenues are influenced by the regulatory framework governing the power sector. Revenues of players such as AVVNL are determined by Rajasthan Electricity Regulatory Commission (RERC) through revision in tariff. Any significant delays in tariff approvals or a reduction in return on equity or a tightening of the RERC norms could result in lower operating cash flows. Acuité believes that any significant change in the regulatory environment will impinge on the credit profile of the company.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

AVVNL has been supported by Government of Rajasthan (GoR) through 100 percent holding and regular support in the form of timely disbursements of subsidies, grants and guarantees backed borrowings. GoR grants and subsidies would help augment cash flows to ensure timely repayment of debt even in stress scenario.

Rating Sensitivities

- Credit profile of GoR.
- Improvement in the overall financial risk and liquidity profile
- Change in shareholding and support from GoR.

Liquidity Position Adequate

The liquidity position of the company stood adequate marked by timely repayment of the maturing debt obligations of the company on account of support extended by GoR in the form of grants and subsidies. The cash flows are utilised as per the pre-defined waterfall mechanism with the priorities of payment of interest and principal obligations, statutory liabilities and then for the day-to-day operations of the company. Further, the cash and bank balances of the company stood healthy at Rs.527.26 crores as on March 31, 2025 and Rs.296.83 crores as on March 31, 2024.

Further, Acuité receives comfort from the fact that AVVNL being a GoR entity warrants adequate financial support from GoR, time to time, to support the mismatches.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	21522.73	21882.35
PAT	Rs. Cr.	1875.82	825.02
PAT Margin	(%)	8.72	3.77
Total Debt/Tangible Net Worth	Times	(2.86)	(3.39)
PBDIT/Interest	Times	2.03	1.71

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- State Government Ratings : <https://www.acuite.in/view-rating-criteria-26.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Sep 2024	Letter of Credit	Short Term	633.67	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	166.33	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	219.75	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	140.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	186.38	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	216.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	305.56	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	300.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	126.15	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	73.85	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	24.61	ACUITE BBB+ Stable (Reaffirmed)
19 Apr 2024	Letter of Credit	Short Term	633.67	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	166.33	ACUITE A2 (Assigned)
	Term Loan	Long Term	234.75	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	140.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	228.06	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	230.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	333.34	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	300.00	ACUITE BBB+ Stable (Reaffirmed)
20 Jan 2023	Bank Guarantee/Letter of Guarantee	Short Term	551.98	ACUITE A2 (Assigned)
	Term Loan	Long Term	291.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	140.00	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	375.95	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	289.50	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	451.39	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	140.00	Simple	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	633.67	Simple	ACUITE A2 Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	166.33	Simple	ACUITE A2 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.61	Simple	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	29 Jan 2024	Not avl. / Not appl.	28 Feb 2032	73.85	Simple	ACUITE BBB+ Stable Reaffirmed
INDIAN OVERSEAS BANK	Not avl. / Not appl.	Term Loan	30 Mar 2021	Not avl. / Not appl.	31 Jul 2028	219.75	Simple	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	27 Nov 2019	Not avl. / Not appl.	31 Oct 2025	186.38	Simple	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	17 Feb 2021	Not avl. / Not appl.	13 Jul 2028	216.00	Simple	ACUITE BBB+ Stable Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Term Loan	08 Mar 2021	Not avl. / Not appl.	31 Mar 2028	305.56	Simple	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	29 Jan 2024	Not avl. / Not appl.	28 Feb 2032	426.15	Simple	ACUITE BBB+ Stable Reaffirmed

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company Name
1	Government of Rajasthan
2	Ajmer Vidyut Vitran Nigam Limited

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