Press Release
CONVERGENCE ENERGY SERVICES LIMITED
December 24, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	64.00	ACUITE A- | Stable | Upgraded	-
Total Outstanding Quantum (Rs. Cr)	64.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has upgraded the long term rating to **'ACUITE A-' (read as ACUITE A minus)** from **'ACUITE BBB+' (read as ACUITE triple B plus)** on the Rs. 64.00 crore bank facilities of Convergence Energy Services Limited (CESL). The Outlook is **'Stable'**.

Rationale for Rating

The rating takes into account the support extended to Convergence Energy Services Limited (CESL) by the ultimate parentage of the company ~ NTPC Limited, Power Grid Corporation of India Limited, Power Finance Corporation Limited and REC Limited. These public sector undertakings have holdings in Energy Efficiency Services Limited (EESL), which further has 100% direct holdings in CESL. As such, CESL is an indirect associate of these four PSU's. Going forward, support is expected to be provided to CESL, if and when required indirectly. The rating draws comfort from the experience of the management, which is expected to support the company to flourish in the near to medium term. Further, the rating also factors in the revenue of the company, which stood at Rs.50.00 Crore in FY2025 against Rs.44.33 Crore in FY2024. The EBITDA and PAT margin stood at 40.15% and 1.29% respectively in FY2025. Moreover, the company has unexecuted orders in hand of Rs.536.98 Cr. as on 30th November, 2025 thereby providing revenue visibility in near to medium term. Additionally, the company has cash and bank balances of the company stood at Rs.135.92 crores as on 31st March 2025 as against Rs.61.40 crores as on 31st March 2024, providing an adequate cushion in the form of liquidity. However, the aforementioned strengths are constrained by the below-average financial risk profile and intensive working capital operations of the company.

About the Company

Delhi based, Convergence Energy Services Limited (CESL) was incorporated in 2020 with the objective of supporting the Government of India's ambition of net-zero carbon emission by 2070. The company delivers renewable energy solutions, electric mobility infrastructure, and climate change initiatives, focusing on underserved and rural communities in India. CESL is amongst the first movers in the e-mobility segment and nominated as a nodal agency for the Government of India's Faster Adoption and Manufacturing of Hybrid and EV (FAME) Scheme led by the Ministry of Heavy Industry. The company since its inception, has taken many initiatives in the area of renewable energy, like the deployment of electric four-wheelers to government departments, aggregation of demand for electric two/three-wheelers, and aggregation of demand for electric buses for State Transport Units (STUs) which is one of a kind initiative taken by the company for running a common tender for various states STUs. CESL has a flagship program in carbon financing - Gram Ujala wherein the company has replaced the IED bulbs with the LED bulbs. The current directors of the company are Mr. Shankar Gopal, Mr. Aravind Babu, Mr. Akhilesh Kumar Dixit and Mr. Yatindra Dwivedi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Convergence Energy Services Limited (CESL) to arrive at the rating. Acuité has also factored strong financial benefits derived from being step down associate of its ultimate parent ~ Power Grid Corporation of India Limited, NTPC Limited , Power Finance Corporation Limited and REC Limited.

Key Rating Drivers

Strengths

Extended support by the parentage of the company

Convergence Energy Services Limited (CESL) is a 100% step-down subsidiary of the four public sector undertakings ~ NTPC Limited, Power Grid Corporation of India Limited, Power Finance Corporation Limited and REC Limited (subsidiary of Power Finance Corporation Limited). The parent (Energy Efficiency Services Limited) of the CESL has extended its support by infusing the capital into the business during the initial stage of operations. Further, going forward, support is expected to be received as and when required. In addition, the current directors of company are Mr. Shankar Gopal, Mr. Aravind Babu, Mr. Akhilesh Kumar Dixit and Mr. Yatindra Dwivedi and the experience of the management is expected to support the company to flourish in the near to medium term.

Increase in operating income albeit decrease in profitability

The company has achieved the turnover of Rs.50.00 Crore in FY2025 against Rs.44.33 Crore in FY2024. Moreover, the company has achieved a turnover of Rs.29.45 Crore in H1 FY2026. The increase in the revenue of the company is reflected by the execution of the order book wherein CESL has taken many initiatives in the area of renewable energy like deployment of electric four-wheelers to government departments, aggregation of demand for electric two/three wheelers, aggregation of demand for electric buses for state transport units (STUs), etc. The company also has a flagship program in carbon financing - Gram Ujala where CESL has replaced the incandescent bulbs with the LED bulbs. Furthermore, the company has an unexecuted order book of Rs. 536.85 Crore thereby providing revenue visibility in the near to medium term. Despite the increase in revenue, the EBITDA of the company stood at 40.15% in FY2025 as against 59.00% in FY2024 owing to higher manpower expenses in FY2025 as compared to the previous year and the PAT margin stood at 1.29% in FY2025 as against 16.16% in FY2024 majorly on account of high depreciation costs. Acuite expects that the top line of the company is likely to improve in the near to medium term on the back of the execution of the order book. However, the ability of the company to sustain its operating and overall profitability margins will remain a key rating sensitivity.

Weaknesses

Below Average Financial Risk Profile

The financial risk profile of the company is below average marked by net worth of Rs. (8.19) Crores as on 31st March 2025 against Rs. (21.34) Crores as on 31st March 2024. The total debt of the company stood at Rs.58.13 Crores as on 31st March 2025 against Rs.72.68 Crores as on 31st March 2024 and the gearing ratio stood at (7.10) times as on 31st March 2025 as against (3.41) times as on 31st March 2024. Further, the interest coverage ratio and debt service coverage ratio stood at 2.23 times and 0.97 times respectively as on 31st March 2025 as against 3.15 times and 2.96 times as on 31st March 2024. The Debt-EBITDA stood at 2.25 times as on 31st March 2025 against 2.23 times as on 31st March 2024 and NCA/TD stood at 0.24 times as on 31st March 2025 against 0.28 times as on 31st March 2024. Acuite expects that the financial risk profile of the company may improve in the absence of any long-term debt plans in the near to medium term and same will remain a key rating sensitivity.

Intensive Working capital operations

The working capital operations of the company are intensive wherein the debtor days stood at 141 days as on 31st March 2025 against 120 days as on 31st March 2024 as the company deals with PSU and OEM's so the payment cycle majorly reflects the stretched collection period. Further, the inventory days stood at 12 days as on 31st March 2025 against 32 days as on 31st March 2024. In addition, high GCA days of the company also emanates from the high other current asset of Rs.39.02 crore in FY2025 against Rs.37.55 Crores in FY2024, which mainly consists of EV finance lease receivable and balance with statutory authorities. Acuite expects the working capital operations of the company to remain in a similar range in the near to medium term owing to the nature of operations.

Rating Sensitivities

- Movement in topline and profitability margins.
- Timely execution of the ongoing orders.
- Financial Risk Profile

Liquidity Position

Adequate

The liquidity position of the company is adequate marked by net cash accruals of Rs.13.89 crore for FY2025 against debt repayment obligations of Rs.14.57 Crore in the same period. The gap in repayments has been met by working capital management. Moreover, the cash and bank balances of the company stood at Rs.135.92 crores as on 31st March 2025 as against Rs.61.40 crores as on 31st March 2045, providing an adequate cushion in the form of liquidity. The current ratio stood at 1.06 times as on 31 March 2025 as against 1.19 times as on 31 March 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	50.00	44.33
PAT	Rs. Cr.	0.65	7.16
PAT Margin	(%)	1.29	16.16
Total Debt/Tangible Net Worth	Times	(7.10)	(3.41)
PBDIT/Interest	Times	2.23	3.15

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
- Service Sector: https://www.acuite.in/view-rating-criteria-50.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

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
26 Sep 2024	Term Loan	Long Term	12.60	ACUITE BBB+ | Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	2.00	ACUITE BBB+ | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	49.40	ACUITE BBB+ | Stable (Reaffirmed)
14 Nov 2023	Term Loan	Long Term	64.00	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
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	52.77	Simple	ACUITE A- | Stable | Upgraded (from ACUITE BBB+)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	9.23	Simple	ACUITE A- | Stable | Upgraded (from ACUITE BBB+)
ICICI BANK LIMITED	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A- | Stable | Upgraded (from ACUITE BBB+)

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

S No	Company Name
1	Convergence Energy Services Limited
2	Power Grid Corporation of India Limited
3	Power Finance Corporation Limited
4	REC Limited
5	NTPC Limited

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About Acuité Ratings & Research
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