



सत्यमेव जयते

**Ministry of Power**  
Government of India

# State Distribution Utilities Fifth Annual Integrated Rating

**MAY, 2017**





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**State Distribution Utilities  
Fifth Annual Integrated Rating**

**MAY, 2017**



पीयूष गोयल  
PIYUSH GOYAL



विद्युत, कोयला एवं नवीन और नवीकरणीय ऊर्जा एवं खान  
राज्य मंत्री (स्वतंत्र प्रभार)  
भारत सरकार  
Minister of State (Independent Charge)  
for Power, Coal and New & Renewable Energy and Mines  
Government of India



## MESSAGE

A strong, efficient and robust distribution system is crucial for providing 24x7 affordable and environment friendly 'Power For All' to the people of India. This is the line with Hon'ble Prime Minister, Shri Narendra Modi's vision for an 'Ujwal Bharat'. Ministry of Power has rolled out several path-breaking schemes to realise this vision.

One such scheme is the Ujwal DISCOM Assurance Yojana (UDAY) to permanently resolve all distribution issue with financial and operational turnaround of Distribution Companies (DISCOMs). I am delighted to note that UDAY has received overwhelming support with 27 States and Union Territories joining the scheme.

States have also shown keen interest in working towards ensuring electricity for all by supporting various Government of India initiatives including Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for rural electrification, Integrated Power Development Scheme (IPDS) for strengthening electricity infrastructure in urban areas, and Unnat Jyoti by Affordable LEDs for All (UJALA) for distributing affordable LED bulbs to consumers.

I am confident that with the implementation of these programmes, the distribution sector will be able to improve and perform to its true potential to serve the people of India.

In this context, the Indian Power sector will benefit from a fair and accurate assessment of the true position of the distribution sector, which would help in assessing and improving its performance. This will also assist State Governments, lending institutions and other stakeholders to take important decisions.

As part of this exercise, the Fifth Annual Integrated Rating exercise covering 41 State Power Distribution Utilities for the rating period FY 2015-16 has been completed with the enthusiastic participation of all the utilities. I congratulate all stakeholders for their active role and support in successfully completing this rating exercise.

Piyush Goyal



प्रदीप कुमार पुजारी

सचिव

भारत सरकार

**P. K. PUJARI**

Secretary

Government of India



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## MESSAGE

The power distribution function providing interface with the electricity consumers is a critical component in the power value chain. The state power sector plays a major role in the distribution sector.

Ministry of Power, as part of various initiatives to bring about improvements in the performance of the state power distribution sector, had formulated the Integrated Rating methodology in June 2012. The objective of the integrated rating is to serve as a powerful diagnostic tool that would enable a focussed approach by the state distribution utilities in taking corrective action and achieve sustainability and efficiency in their operations.

I am sure that wealth of data generated over for five ratings carried out so far would be extremely useful to utilities, State Govts, lending institutions and other stakeholders.

I am happy to note that the state power distribution utilities have shown keen interest and enthusiasm in providing the inputs which have enabled the timely completion of the Fifth Integrated Rating exercise.

I would like to express my appreciation for the efforts made by the officials of MoP, State Distribution Utilities and PFC in making this rating exercise successful.

(P. K. Pujari)



RIGHT TO  
INFORMATION



एक कदम स्वच्छता की ओर





**Fifth Annual Integrated Ratings  
of State Power Distribution Utilities  
as per the Framework approved by Ministry of Power**

**Submitted by :  
ICRA Limited  
and  
Credit Analysis and Research Ltd**



**MAY, 2017**



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## Section I

# Background, Utilities Covered and Scoring Methodology





## BACKGROUND

Ministry of Power formulated an Integrated Rating Methodology in July 2012 for evaluating performance of State Power Distribution utilities on a range of parameters covering operational, financial, regulatory and reform parameters. The rating exercise is on an annual basis and covers 41 state distribution utilities spread across 22 states. State Power/ Energy Departments and private sector distribution utilities are however not covered under the integrated rating exercise. ICRA and CARE are the designated credit rating agencies and have been assigned 21 and 20 utilities respectively. MoP has mandated Power Finance Corporation (PFC) to co-ordinate the rating exercise.

So far, four integrated rating exercises covering FY 2012, FY 2013, FY 2014 and FY 2015 have been completed. The first integrated ratings were released / declared by MoP in March 2013, the second in February 2014, the third in August 2015 and the last i.e. fourth integrated ratings were released by Hon'ble Minister of State (IC) for Power, Coal and New & Renewable Energy on 16<sup>th</sup> June 2016.

A comprehensive review of Integrated Rating Methodology was taken up by MoP and based on the review, certain modifications providing for higher weightage to operational parameters were approved by MOP in February 2016. The Fifth Integrated Ratings, covering the rating year FY 2016, have been carried out under the revised integrated rating methodology.



**UTILITIES COVERED BY ICRA & CARE**

S.No.	Names of Distribution Utilities
<b>Utilities graded by ICRA</b>	
1	Dakshin Gujarat Vij Company Limited
2	Uttar Gujarat Vij Company Limited
3	Madhya Gujarat Vij Company Limited
4	Paschim Gujarat Vij Company Limited
5	Chamundeshwari Electricity Supply Corporation Ltd.
6	Bangalore Electricity Supply Company Limited
7	Maharashtra State Electricity Distribution Company Ltd
8	Mangalore Electricity Supply Company Limited
9	Punjab State Power Corporation Limited
10	Hubli Electricity Supply Company Limited
11	North Bihar Power Distribution Co. Ltd.
12	Gulbarga Electricity Supply Company Limited
13	South Bihar Power Distribution Co. Ltd.
14	West Bengal State Electricity Distribution Company Ltd
15	Tamil Nadu Generation and Distribution Corporation
16	Assam Power Distribution Company Limited
17	Kanpur Electricity Supply Company Limited
18	Paschimanchal Vidyut Vitaran Nigam Limited
19	Madhyanchal Vidyut Vitran Nigam Limited
20	Purvanchal Vidyut Vitaran Nigam Limited
21	Dakshinanchal Vidyut Vitran Nigam Limited
<b>Utilities graded by CARE</b>	
22	Uttarakhand Power Corporation Limited
23	Himachal Pradesh State Electricity Board Limited
24	Eastern Power Distribution Company of AP Limited
25	Kerala State Electricity Board Limited
26	Southern Power Distribution Company of AP Limited
27	Southern Power Distribution Company of Telengana Limited
28	Madhya Pradesh Pash. Kshetra Vidyut Vitaran Co Ltd.
29	Northern Power Distribution Company of Telangana Limited
30	Dakshin Haryana Bijli Vitran Nigam Limited
31	Uttar Haryana Bijli Vitran Nigam Limited
32	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co Ltd
33	Jodhpur Vidyut Vitran Nigam Limited
34	Chhattisgarh State Power Distribution Company Ltd.
35	Ajmer Vidyut Vitran Nigam Limited
36	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co Ltd
37	Jaipur Vidyut Vitran Nigam Limited
38	Meghalaya Power Distribution Corporation Limited
39	Manipur State Power Distribution Company Limited
40	Jharkhand Bijli Vitran Nigam Limited
41	Tripura State Electricity Corporation Limited





**RATING APPROACH / INPUTS**

The parameters that have been used for the rating are as follows:

S. No.	Parameters	Weightage / Maximum Score
<b>1</b>	<b>OPERATIONAL &amp; REFORM Parameters</b>	<b>47</b>
I)	<b>Operational related</b>	
i)	AT&C Losses	28,-4
ii)	Power purchase	6
iii)	Cost Efficiency	6
iv)	Public Interface / Quality of Service ( <i>limited to 3 marks</i> )	3
II)	<b>Reform related</b>	
v)	Achievement of target set under DDUGJY scheme	2
vi)	RPO Compliance	2
<b>2</b>	<b>EXTERNAL Parameters</b>	<b>20</b>
I)	Regulatory	12,-19
II)	Govt. Support	8
<b>3</b>	<b>FINANCIAL Parameters</b>	<b>33</b>
I)	Ratios	
A	Cost Coverage Ratio	15
II)	Sustainability	6
III)	Receivables	4
IV)	Payables	3
V)	Audited Accounts	5,-12
VI)	Audit Qualifications	0,-1
VII)	Default to Banks / Fls	0,-2
	<b>Total</b>	<b>100</b>

Scores have been assigned on the basis of performance of state distribution utilities against various parameters broadly classified under i) Operational & Reform parameters ii) External Parameters and iii) Financial parameters. The evaluation of certain parameters covers current levels of performance as well as relative improvement from year to year. The operational and reform parameters viz. AT&C Losses, Efficiency of Power Purchase cost, customer interface, etc. and carry weightage of 47%. The financial parameters viz. cost coverage ratio, payables, receivables, timely submission of audited accounts, etc. carry weightage of 33%. External parameters relating to regulatory environment, State Govt. subsidy support, etc. have been assigned weightage of 20%.

The methodology used in the current rating exercise takes into account the latest modifications in the rating methodology as approved by Ministry of Power (MoP) in February 2016. The Integrated Rating Methodology incorporating these modifications is given in Appendix. The revised methodology provides for higher weightage to Operational and Reform parameters.



The rating has been based primarily on data submitted by the State distribution utilities / SEBs in response to questionnaires sent by the rating agencies. Other sources of data accessed include Audited Accounts, Annual Administrative Reports, assessment of Financial Resources for Annual Plan submitted to the Planning Commission and Tariff Orders issued by the SERCs.

The data collected, as above, has been supplemented with meetings with key officials of the State distribution utilities / SEBs.



## Section II

### Grading Scale & Utility-wise Grades





## GRADING SCALE AND GRADES

Score Distribution	Grade	No. of Utilities	Grading Definition
Between 80 and 100	<b>A+</b>	<b>5</b>	Very High Operational and Financial Performance Capability
Between 65 and 80	<b>A</b>	<b>6</b>	High Operational and Financial Performance Capability
Between 50 and 65	<b>B+</b>	<b>8</b>	Moderate Operational and Financial Performance Capability
Between 35 and 50	<b>B</b>	<b>10</b>	Below Average Operational and Financial Performance Capability
Between 20 and 35	<b>C+</b>	<b>5</b>	Low Operational and Financial Performance Capability
Between 0 and 20	<b>C</b>	<b>7</b>	Very Low Operational and Financial Performance Capability

The proposed grading scale of '**A+ to C**' is **different** from the prevalent rating scale adopted by CRAs (**AAA to D**) as the prevalent rating measures the degree of safety regarding timely servicing of financial obligations based on "probability of default"; *however*, current grading exercise analyzes the operational and financial health of the distribution entities based on the rating framework approved by Ministry of Power. Further, credit rating for distribution utilities entails comparison with other corporates, as compared to the integrated rating exercise wherein comparison of the entity is done with other distribution utilities only.



## UTILITY - WISE GRADES

S.No.	Name of Utility	State	Rating Agency	5th IR Grade (FY 2016)
1	Dakshin Gujarat Vij Company Limited	Gujarat	ICRA	A+
2	Uttar Gujarat Vij Company Limited	Gujarat	ICRA	A+
3	Madhya Gujarat Vij Company Limited	Gujarat	ICRA	A+
4	Uttarakhand Power Corporation Limited	Uttarakhand	CARE	A+
5	Paschim Gujarat Vij Company Limited	Gujarat	ICRA	A+
6	Chamundeshwari Electricity Supply Corporation Ltd.	Karnataka	ICRA	A
7	Bangalore Electricity Supply Company Limited	Karnataka	ICRA	A
8	Himachal Pradesh State Electricity Board Limited	Himachal Pradesh	CARE	A
9	Maharashtra State Electricity Distribution Company Ltd	Maharashtra	ICRA	A
10	Mangalore Electricity Supply Company Limited	Karnataka	ICRA	A
11	Eastern Power Distribution Company of AP Limited	Andhra Pradesh	CARE	A
12	Kerala State Electricity Board Limited	Kerala	CARE	B+
13	Punjab State Power Corporation Limited	Punjab	ICRA	B+
14	Hubli Electricity Supply Company Limited	Karnataka	ICRA	B+
15	Southern Power Distribution Company of AP Limited	Andhra Pradesh	CARE	B+
16	Southern Power Distribution Company of Telangana Limited	Telangana	CARE	B+
17	North Bihar Power Distribution Co. Ltd.	Bihar	ICRA	B+
18	Madhya Pradesh Pash. Kshetra Vidyut Vitaran Co Ltd.	Madhya Pradesh	CARE	B+
19	Northern Power Distribution Company of Telangana Limited	Telangana	CARE	B+
20	Gulbarga Electricity Supply Company Limited	Karnataka	ICRA	B
21	South Bihar Power Distribution Co. Ltd.	Bihar	ICRA	B
22	Dakshin Haryana Bijli Vitran Nigam Limited	Haryana	CARE	B
23	West Bengal State Electricity Distribution Company Ltd	West Bengal	ICRA	B
24	Uttar Haryana Bijli Vitran Nigam Limited	Haryana	CARE	B
25	Tamil Nadu Generation and Distribution Corporation	TamilNadu	ICRA	B
26	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co Ltd	Madhya Pradesh	CARE	B
27	Jodhpur Vidyut Vitran Nigam Limited	Rajasthan	CARE	B
28	Chhattisgarh State Power Distribution Company Ltd.	Chhattisgarh	CARE	B
29	Assam Power Distribution Company Limited	Assam	ICRA	B
30	Ajmer Vidyut Vitran Nigam Limited	Rajasthan	CARE	C+
31	Kanpur Electricity Supply Company Limited	Uttar Pradesh	ICRA	C+
32	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co Ltd	Madhya Pradesh	CARE	C+
33	Jaipur Vidyut Vitran Nigam Limited	Rajasthan	CARE	C+
34	Paschimanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	C+
35	Madhyanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	ICRA	C
36	Purvanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	C
37	Dakshinanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	ICRA	C
38	Meghalaya Power Distribution Corporation Limited	Meghalaya	CARE	C
39	Manipur State Power Distribution Company Limited	Manipur	CARE	C
40	Jharkhand Bijli Vitran Nigam Limited	Jharkhand	CARE	C
41	Tripura State Electricity Corporation Limited	Tripura	CARE	C



## Section III

### Utility Rating Summary (region-wise)

#### Index

S.No.	Name of Utility	State	Pg. No.
<b>NORTHERN REGION</b>			
1	Dakshin Haryana Bijli Vitran Nigam Limited	Haryana	13
2	Uttar Haryana Bijli Vitran Nigam Limited	Haryana	14
3	Himachal Pradesh State Electricity Board Limited	Himachal Pradesh	15
4	Punjab State Power Corporation Limited	Punjab	16
5	Jodhpur Vidyut Vitran Nigam Limited	Rajasthan	17
6	Ajmer Vidyut Vitran Nigam Limited	Rajasthan	18
7	Jaipur Vidyut Vitran Nigam Limited	Rajasthan	19
8	Uttarakhand Power Corporation Limited	Uttarakhand	20
9	Kanpur Electricity Supply Company Limited	Uttar Pradesh	21
10	Paschimanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	22
11	Madhyanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	23
12	Purvanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	24
13	Dakshinanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	25
<b>EASTERN &amp; NORTH-EASTERN REGION</b>			
14	Assam Power Distribution Company Limited	Assam	26
15	North Bihar Power Distribution Company Limited	Bihar	27
16	South Bihar Power Distribution Company Limited	Bihar	28
17	Jharkhand Bijli Vitran Nigam Limited	Jharkhand	29
18	Manipur State Power Distribution Company Limited	Manipur	30
19	Meghalaya Power Distribution Corporation Limited	Meghalaya	31
20	Tripura State Electricity Corporation Limited	Tripura	32
21	West Bengal State Electricity Distribution Company Limited	West Bengal	33
<b>WESTERN REGION</b>			
22	Chhattisgarh State Power Distribution Company Limited	Chhattisgarh	34
23	Dakshin Gujarat Vij Company Limited	Gujarat	35
24	Uttar Gujarat Vij Company Limited	Gujarat	36
25	Madhya Gujarat Vij Company Limited	Gujarat	37
26	Paschim Gujarat Vij Company Limited	Gujarat	38
27	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	Madhya Pradesh	39
28	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited	Madhya Pradesh	40
29	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	Madhya Pradesh	41
30	Maharashtra State Electricity Distribution Company Limited	Maharashtra	42
<b>SOUTHERN REGION</b>			
31	Eastern Power Distribution Company of Andhra Pradesh Limited	Andhra Pradesh	43
32	Southern Power Distribution Company of Andhra Pradesh Limited	Andhra Pradesh	44
33	Chamundeshwari Electricity Supply Corporation Limited	Karnataka	45
34	Bangalore Electricity Supply Company Limited	Karnataka	46
35	Mangalore Electricity Supply Company Limited	Karnataka	47
36	Hubli Electricity Supply Company Limited	Karnataka	48
37	Gulbarga Electricity Supply Company Limited	Karnataka	49
38	Kerala State Electricity Board Limited	Kerala	50
39	Tamil Nadu Generation & Distribution Corporation Limited	Tamil Nadu	51
40	Southern Power Distribution Company of Telangana Limited	Telangana	52
41	Northern Power Distribution Company of Telangana Limited	Telangana	53







## DAKSHIN HARYANA BIJLI VITRAN NIGAM LIMITED

### Background

Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) is a power distribution company which is responsible for the distribution and retail supply of electricity in the South Zone of Haryana comprising of Bhiwani, Faridabad, Gurgaon, Hissar, Jind, Narnaul and Sirsa circles. DHBVNL caters to around 30,24,921 consumers including domestic, commercial, industrial, agricultural and others in FY 2016. As on March 31, 2016, the Government of Haryana (GoH) holds 69.7% of shares of DHBVNL while the balance 30.3% stake is held by Haryana Vidyut Prasaran Nigam Limited (HVPNL).

### Key Strengths

- Timely payment of subsidy by the State Government
- Conducive regulatory environment with timely issue of tariff order and true-up order
- Low O&M cost at 0.70% of total revenue including subsidy and high overall consumer metering >95% for FY 2015 as well as FY 2016.
- Timely submission of audited accounts for FY 2016

### Key Concerns

- Continued high AT&C losses at 29.9% in FY 2016 as compared with 31.7% during FY 2015
- Low billing efficiency of 75.5% in FY 2016 and FY 2015
- High power purchase cost at ₹ 4.57 per unit in FY 2016 (PY: ₹ 4.49 per unit)
- Low cost coverage ratio of 0.92x in FY 2016 (PY:0.87x)
- High receivables of 140 days in FY 2016 (PY: 129 days)
- Low fixed asset creation with most of the debt utilized towards funding of operations

### Key Actionables

- Reduction in AT&C loss level by focusing more on circles which have high AT&C losses
- Billing efficiency to be improved through various administrative and technical measures
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Reduction in power purchase cost
- Reduction in receivables
- Effective implementation of UDAY (Ujwal Discom Assurance Yojana)

**B**

## UTTAR HARYANA BIJLI VITRAN NIGAM LIMITED

### Background

Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) is a power distribution company which is responsible for the distribution and retail supply of electricity in the North Zone of Haryana comprising of Ambala, Yamunanagar, Kurukshetra, Karnal, Sonapat, Rohtak, Panipat, Jhajjar and Kaithal circles. UHBVNL catered to around 2.6 million consumers including domestic, commercial, industrial, agricultural and others in FY 2016. As on March 31, 2016, the Government of Haryana (GoH) holds 67% of the shares of UHBVNL while the remaining shares are held by Haryana Vidyut Prasaran Nigam Limited (HVPNL).

### Key Strengths

- Timely payment of subsidy by the State Government
- Conducive regulatory environment with timely issue of tariff order and true-up order
- Timely submission of audited accounts for FY 2016 and tariff petition for FY 2018

### Key Concerns

- Continued high AT&C losses at 36.25% in FY 2016 as compared with 33.5% during FY 2015
- Low billing efficiency of 68.5% in FY 2016 (PY: 69.4%)
- High power purchase cost at ₹ 4.65 per unit in FY 2016 (PY: ₹ 4.57 per unit)
- Low cost coverage ratio of 0.94x in FY 2016 and 0.91x in FY 2015
- Weak financial risk profile attributed to continuous losses, negative networth, high receivables and weak debt coverage indicators

### Key Actionables

- Reduction in AT&C loss level by focusing more on circles which have high AT&C losses
- Billing efficiency to be improved through various administrative and technical measures
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY



**A**

## HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

### Background

The erstwhile Himachal Pradesh State Electricity Board (HPSEB) was constituted in the year 1971. Erstwhile HPSEB carried out functions of generation, transmission and distribution for the state of Himachal Pradesh up to June 10, 2010. In June 2010, Government of Himachal Pradesh (GoHP), transferred the functions of distribution, trading and generation of electricity to Himachal Pradesh State Electricity Board Limited (HPSEBL) and the function of evacuation of power by transmission lines to Himachal Pradesh Power Transmission Company Limited (HPPTCL), vide the Himachal Pradesh Power Sector Reforms Transfer Scheme, 2010. A separate generation company for execution of new projects in state sector was already created by GoHP. HPSEBL is responsible for the development (planning, designing, and construction), operation and maintenance of power distribution system in Himachal Pradesh with inherent trading functions. Ownership and O&M of generating stations of erstwhile HPSEB and new commissioned projects was also given to HPSEBL.

### Key Strengths

- Low level of AT&C losses of 10.49% in FY 2016 (PY:14.50%)
- Significant improvement in cost coverage to 1.04x in FY 2016 (PY:0.89x)
- Conducive regulatory environment
- Comfortable receivables cycle and fixed assets to debt ratio
- Government support in terms of subsidy assessment as per SERC norms and part release of subsidy
- Relatively lower average cost of power at ₹ 3.00 per unit for FY 2016 (PY: ₹ 3.14)

### Key Concerns

- Significant delay in making the audited financials available, non-provisioning of complete employees related liabilities
- High operating cost primarily due to high employee expenses and relatively high O&M cost
- Elongated payable cycle

### Key Actionables

- Continue to maintain low level of AT&C losses as well as the billing efficiency
- Timely preparation of audited accounts and improvement in quality of accounts
- Rationalization of employee cost and other operating cost
- Reduction of payable cycle
- Effective implementation of UDAY



**B+**

## **PUNJAB STATE POWER CORPORATION LIMITED**

### **Background**

Punjab State Electricity Board was unbundled into two successor entities on April 16, 2010 i.e. PSPCL and PSTCL; PSPCL entrusted with Generation, Trading and Distribution functions and PSTCL entrusted with Transmission and State Load Despatch functions. PSPCL was formed pursuant to the implementation of Punjab Power Sector Reforms Transfer Scheme (Transfer Scheme) by the Government of Punjab.

### **Key Strengths**

- Low AT&C Loss levels
- Comfortable capital structure post restructuring
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing the increase in such 'uncontrollable' cost items to be recovered from consumers on quarterly basis
- Low receivable and payable days
- Timely filing of tariff petition (including MYT petition)

### **Key Concerns**

- Weak cost coverage, slight deterioration from FY 2015
- Absence of tariff hike in FY 2016 coupled with higher fuel and power purchase costs has resulted in significant net loss in FY 2016
- Absolute subsidy dependence for the state as a whole remains high, given the subsidized nature of tariff particularly towards agriculture consumers
- Low cost efficiency on account of high employee costs
- True-up for FY 2015 pending
- Delay in completion of audit of accounts for FY 2016

### **Key Actionables**

- Continue to maintain low AT&C loss levels
- Improvement in cost coverage through rationalization of P&F and employee costs
- To file tariff petitions in time for timely true-up of earlier years
- To ensure availability of audited accounts in a timely manner
- Effective implementation of UDAY



## JODHPUR VIDYUT VITRAN NIGAM LIMITED

### Background

Jodhpur Vidyut Vitran Nigam Limited (JdVVNL) is an unbundled state power distribution company of erstwhile Rajasthan State Electricity Board (RSEB). As per the Rajasthan Power Sector Reforms Act, 1999 of Government of Rajasthan (GoR), the erstwhile RSEB was unbundled into a Generation Company, a Transmission Company and three Distribution Companies (Discoms) with effect from July 19, 2000. JdVVNL covers 10 districts viz. Jodhpur, Jaisalmer, Bikaner, Sirohi, Jalore, Barmer, Pali, Churu, Hanumangarh and Shriganganagar.

### Key Strengths

- Timely receipt of tariff subsidies
- Improvement in the AT&C loss level from 27.14% in FY 2015 to 22.81% in FY 2016
- Improvement in the collection efficiency to 100.67% in FY 2016 from 96.23% in FY 2015

### Key Concerns

- Low billing efficiency of 76.68% in FY 2016 (PY: 75.71%)
- High power purchase cost at ₹ 4.38 per unit in FY 2016 (PY: ₹ 4.31 per unit)
- Huge interest costs and defaults to Banks & FIs
- Low cost coverage ratio of 0.76x in FY 2016
- Significant delay in submission of tariff petition, non-issuance of tariff order for FY 2017 and true-up order for FY 2015

### Key Actionables

- Reduction in AT&C loss level by focusing more on circles which have high AT&C losses
- Billing efficiency to be improved through various administrative and technical measures
- Timely submission of tariff petitions and issuance of tariff order by SERC
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY



## AJMER VIDYUT VITRAN NIGAM LIMITED

### Background

Ajmer Vidyut Vitran Nigam Limited (AVVNL) is an unbundled state power distribution company of erstwhile Rajasthan State Electricity Board (RSEB). As per the Rajasthan Power Sector Reforms Act, 1999 of Government of Rajasthan (GoR), the erstwhile RSEB was unbundled into a Generation Company, a Transmission Company and three Distribution Companies (Discoms) w.e.f. July 19, 2000. AVVNL covers 11 districts of Rajasthan namely Ajmer, Bhilwara, Nagaur, Sikar, Jhunjhunu, Udaipur, Banswara, Chittorgarh, Rajsamand, Doongarpur and Pratapgarh.

### Key Strengths

- Timely receipt of tariff subsidies
- Improvement in the AT& C loss level from 27.94% in FY 2015 to 25.47% in FY 2016
- Improvement in the collection efficiency to 101.75% in FY 2016 from 97.48% in FY 2015

### Key Concerns

- Low billing efficiency of 73.25% in FY 2016 (PY: 73.92%)
- High power purchase cost at ₹ 4.38 per unit in FY 2016
- Huge interest costs and defaults to Banks & FIs
- Low cost coverage ratio of 0.69x in FY 2016 and 0.65x in FY 2015
- Significant delay in submission of tariff petition, non-issuance of tariff order for FY 2017 and true-up order for FY 2015

### Key Actionables

- Reduction in AT&C loss level by focusing more on circles which have high AT&C losses
- Billing efficiency to be improved through various administrative and technical measures
- Timely submission of tariff petitions and issuance of tariff order by SERC
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY





## JAIPUR VIDYUT VITRAN NIGAM LIMITED

### Background

Jaipur Vidyut Vitran Nigam Limited (JVVNL) is an unbundled state power distribution company of erstwhile Rajasthan State Electricity Board (RSEB). As per the Rajasthan Power Sector Reforms Act, 1999 of Government of Rajasthan (GoR), the erstwhile RSEB was unbundled into a Generation Company, a Transmission Company and three Distribution Companies (Discoms) with effect from July 19, 2000. JVVNL covers the 12 districts of Rajasthan namely Jaipur, Dausa, Alwar, Bharatpur, Dholpur, Kota, Bundi, Baran, Jhalawar, Sawaimadhopur, Tonk and Karoli.

### Key Strengths

- Timely receipt of tariff subsidies

### Key Concerns

- Deterioration in AT&C Losses to 32.49% in FY 2016 (PY: 31.98%)
- Low billing efficiency of 68.10% in FY 2016 (PY: 69.54%)
- High power purchase cost at ₹ 4.28 per unit in FY 2016
- Huge interest costs and defaults to Banks & FIs
- Low cost coverage ratio of 0.71x in FY 2016
- Significant delay in submission of tariff petition, non-issuance of tariff order for FY 2017 and true-up order for FY 2015

### Key Actionables

- Reduction in AT&C loss level by focusing more on circles which have high AT&C losses
- Billing efficiency to be improved through various administrative and technical measures
- Timely submission of tariff petitions and issuance of tariff order by SERC
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY



**A+**

## UTTARAKHAND POWER CORPORATION LIMITED

### Background

Uttarakhand Power Corporation Limited (UPCL), formerly Uttaranchal Power Corporation Limited was incorporated under the Companies Act, 1956 on February 12, 2001 consequent upon the formation of the State of Uttaranchal. UPCL was entrusted to cater to the Transmission & Distribution functions inherited after the de-merger from Uttar Pradesh Power Corporation Limited since April 01, 2001. On June 01, 2004, Power Transmission Corporation of Uttarakhand Limited was formed to maintain and operate Transmission lines and substations while UPCL continue to cater to sub-transmission/distribution lines in the State. UPCL is a company wholly owned by the State Government and operates as the sole distribution licensee engaged in the business of distribution and retail supply of power in the State.

### Key Strengths

- Continuous improvement in AT&C losses to 11.6% in FY 2016 (PY: 17.4%)
- Healthy collection efficiency at 107.8% in FY 2016 and 101.4% in FY 2015
- Low power purchase cost at ₹ 3.36 per unit in FY 2016
- No reliance on subsidy support from State Government
- Improvement in cost coverage ratio to 1.01x in FY 2016 (PY: 0.89x)
- High overall consumer metering at 100% in FY 2016
- Reduction in receivables to 50 days in FY 2016 from 94 days in FY 2015

### Key Concerns

- Low billing efficiency of 82.0% in FY 2016 (PY: 81.4%)
- High payable days of 233 days in FY 2016 (PY: 250 days)

### Key Actionables

- Continuation of reduction in AT&C losses and sustenance of high collection efficiency
- Improvement in cost competitiveness through increase in power procurement under long-term PPAs
- Better management of creditors
- Achieving 100% RPO compliance
- Effective implementation of UDAY







## KANPUR ELECTRICITY SUPPLY COMPANY LIMITED

### Background

Erstwhile UPSEB was unbundled under the first reforms transfer scheme dated 14th Jan 2000, into three separate entities: Uttar Pradesh Power Corporation Limited (UPPCL) – vested with the function of Transmission and Distribution within the State; Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) – vested with the function of Thermal Generation within the State; and Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) – vested with the function of Hydro Generation within the State. Through another Transfer Scheme dated 15th January 2000, assets, liabilities and personnel of Kanpur Electricity Supply Authority (KESA) under UPSEB were transferred to Kanpur Electricity Supply Company (KESCO), a company registered under the Companies Act, 1956. Subsequently, four new distribution companies were created vide Uttar Pradesh Transfer of Distribution Undertaking Scheme 2003 namely Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) and Purvanchal Vidyut Vitran Nigam Limited (PuVVNL).

### Key Strengths

- AT&C loss reduced to 22.1% in FY 2016 from 34.4% in FY 2015
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Improvement in payable days to 59 in FY 2016 as compared to 142 days in FY 2015
- Tariff order for FY 2017 in place

### Key Concerns

- No revenue subsidy recognized by the regulator despite net loss being reported by the discom
- Weak financial profile as reflected in sustained net losses, although during FY 2016, the company was almost breakeven at PAT level
- Negative net worth resulting in adverse capital structure
- Delay in submission of audited accounts FY 2015. Audited accounts of FY 2016 not made available
- No true-up done for FY 2015 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C loss levels
- Improving cost coverage through tariff rationalization
- To ensure availability of audited accounts in a timely manner
- Timely and adequate subsidy support from State Government
- Timely filing of true-up petition
- Effective implementation of UDAY





## PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED

### Background

Erstwhile UPSEB was unbundled under the first reforms transfer scheme dated 14th Jan 2000, into three separate entities: Uttar Pradesh Power Corporation Limited (UPPCL) – vested with the function of Transmission and Distribution within the State; Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) – vested with the function of Thermal Generation within the State; and Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) – vested with the function of Hydro Generation within the State. Through another Transfer Scheme dated 15th January 2000, assets, liabilities and personnel of Kanpur Electricity Supply Authority (KESA) under UPSEB were transferred to Kanpur Electricity Supply Company (KESCO), a company registered under the Companies Act, 1956. Subsequently, four new distribution companies were created vide Uttar Pradesh Transfer of Distribution Undertaking Scheme 2003 namely Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) and Purvanchal Vidyut Vitran Nigam Limited (PuVVNL).

### Key Strengths

- Tariff order for FY 2017 in place
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Timely receipt of Revenue subsidy

### Key Concerns

- Weak cost coverage despite slight improvement over previous year
- Weak financial profile as reflected in sustained net losses
- High level of AT&C losses at 25.4% in FY 2016, has shown deterioration over previous year
- Negative net worth resulting in adverse capital structure
- Delay in submission of audited accounts FY 2015. Audited accounts of FY 2016 not made available
- Tariff Petition for FY 2018 has not been filed yet
- No true-up done for FY 2015 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C loss levels through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization
- To ensure availability of audited accounts in a timely manner
- Timely filing of Tariff Petition and true-up petition
- Effective implementation of UDAY





## MADHYANCHAL VIDYUT VITRAN NIGAM LIMITED

### Background

Erstwhile UPSEB was unbundled under the first reforms transfer scheme dated 14th Jan 2000, into three separate entities: Uttar Pradesh Power Corporation Limited (UPPCL) – vested with the function of Transmission and Distribution within the State; Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) – vested with the function of Thermal Generation within the State; and Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) – vested with the function of Hydro Generation within the State. Through another Transfer Scheme dated 15th January 2000, assets, liabilities and personnel of Kanpur Electricity Supply Authority (KESA) under UPSEB were transferred to Kanpur Electricity Supply Company (KESCO), a company registered under the Companies Act, 1956. Subsequently, four new distribution companies were created vide Uttar Pradesh Transfer of Distribution Undertaking Scheme 2003 namely Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) and Purvanchal Vidyut Vitran Nigam Limited (PuVVNL).

### Key Strengths

- Tariff order for FY2017 in place
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Timely receipt of revenue subsidy

### Key Concerns

- Weak cost coverage despite slight improvement over previous year
- Weak financial profile as reflected in sustained net losses
- High level of AT&C loss at 29.4% in FY 2016
- Negative net worth resulting in adverse capital structure
- Significantly stretched receivable and payable days
- Delay in submission of audited accounts FY 2015. Audited accounts of FY 2016 not made available
- Tariff Petition for FY 2018 has not been filed yet
- No true-up done for FY 2015 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C loss level through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization
- To ensure availability of audited accounts in a timely manner
- Timely filing of Tariff Petition and true-up petition
- Effective implementation of UDAY





## PURVANCHAL VIDYUT VITRAN NIGAM LIMITED

### Background

Erstwhile UPSEB was unbundled under the first reforms transfer scheme dated 14th Jan 2000, into three separate entities: Uttar Pradesh Power Corporation Limited (UPPCL) – vested with the function of Transmission and Distribution within the State; Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) – vested with the function of Thermal Generation within the State; and Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) – vested with the function of Hydro Generation within the State. Through another Transfer Scheme dated 15th January 2000, assets, liabilities and personnel of Kanpur Electricity Supply Authority (KESA) under UPSEB were transferred to Kanpur Electricity Supply Company (KESCO), a company registered under the Companies Act, 1956. Subsequently, four new distribution companies were created vide Uttar Pradesh Transfer of Distribution Undertaking Scheme 2003 namely Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) and Purvanchal Vidyut Vitran Nigam Limited (PuVVNL).

### Key Strengths

- Tariff order for FY2017 in place
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Timely receipt of revenue subsidy

### Key Concerns

- Weak Cost coverage
- Weak financial profile as reflected in sustained net losses
- High level of AT&C loss at 33.1% in FY 2016
- Negative net worth resulting in adverse capital structure
- Significantly stretched receivable and payable days
- Delay in submission of audited accounts FY 2015. Audited accounts of FY 2016 not made available
- Tariff Petition for FY 2018 has not been filed yet
- No true-up done for FY 2015 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C loss level through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization
- To ensure availability of audited accounts in a timely manner
- Timely filing of Tariff Petition and true-up petition
- Effective implementation of UDAY





## DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED

### Background

Erstwhile UPSEB was unbundled under the first reforms transfer scheme dated 14th Jan 2000, into three separate entities: Uttar Pradesh Power Corporation Limited (UPPCL) – vested with the function of Transmission and Distribution within the State; Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) – vested with the function of Thermal Generation within the State; and Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) – vested with the function of Hydro Generation within the State. Through another Transfer Scheme dated 15th January 2000, assets, liabilities and personnel of Kanpur Electricity Supply Authority (KESA) under UPSEB were transferred to Kanpur Electricity Supply Company (KESCO), a company registered under the Companies Act, 1956. Subsequently, four new distribution companies were created vide Uttar Pradesh Transfer of Distribution Undertaking Scheme 2003 namely Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) and Purvanchal Vidyut Vitran Nigam Limited (PuVVNL).

### Key Strengths

- Tariff order for FY 2017 in place
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Timely receipt of revenue subsidy

### Key Concerns

- High level of AT&C losses at 44.4% in FY 2016 which has deteriorated from last year
- Weak financial profile as reflected in sustained net losses, and weak cost coverage 0.68 in FY 2016
- Significantly stretched receivable days
- Negative net worth resulting in adverse capital structure
- Delay in submission of audited accounts FY 2015. Audited accounts of FY 2016 not made available
- Tariff Petition for FY 2018 has not been filed yet
- No true-up done for FY 2015 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C loss level through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization
- To ensure availability of audited Accounts in timely manner
- Timely filing of Tariff Petition and true-up petition
- Effective implementation of UDAY



## ASSAM POWER DISTRIBUTION COMPANY LIMITED

### Background

Assam Power Distribution Company Limited (APDCL) was formed in FY 2010 by merging three distribution entities, namely Lower, Central and Upper Assam Distribution Company, to carry out the function of distribution and retail sale of electricity in the entire state of Assam. Currently, APDCL is catering to over 33 lakh consumers in the State of Assam.

### Key Strengths

- Fuel and Power Purchase Price Adjustment (FPPPA) framework allows quarterly pass on of higher fuel and power purchase costs
- Favourable consumption mix, on account of a low share of agricultural connections compared to the industrial and commercial segments, which has higher unit realizations, leading to low cross-subsidization
- Moderate capital structure, supported by government grant received for capital projects

### Key Concerns

- Weak financial profile, as reflected through consistent operating level losses over the past few years
- Low cost coverage of ~0.86x in FY 2016, albeit improvement in the last few years
- Despite improvement in distribution loss over the past couple of years, the loss levels continue to remain higher than as allowed by Assam Electricity Regulatory Commission (AERC), leading to disallowance of power purchase costs, which adversely affects allowed returns
- Regulatory uncertainty on account of delay in release of tariff order for FY 2017; moreover, delay in release of true-up of order for FY 2015
- Tight liquidity profile, leading to substantial buildup of receivables and payables position

### Key Actionables

- Reduction in AT&C losses (24.09% in FY 2016) through improvement in billing efficiency and collection efficiency
- Improvement in cost coverage; utility has reported operating losses as tariffs have been inadequate to cover operating costs
- Timely release of tariff orders and true-up orders
- Timely realization of outstanding receivables
- Effective implementation of UDAY



## NORTH BIHAR POWER DISTRIBUTION COMPANY LIMITED

### Background

Under the new 'Bihar State Electricity Reforms Transfer Scheme 2012', the Bihar State Electricity Board (BSEB) has been unbundled into five companies w.e.f. November 1, 2012: Bihar State Power (Holding) Company Limited (BSPHCL), Bihar State Power Transmission Company Limited (BSPTCL), Bihar State Power Generation Company Limited (BSPGCL) and two distribution companies viz. South Bihar Power Distribution Company Limited (SBPDCL) and North Bihar Power Distribution Company Limited (NBPDC). BSPHCL owns the shares of the newly-incorporated four other companies.

### Key Strengths

- Satisfactory progress in terms of reforms and restructuring of the sector, which includes unbundling on functional lines and corporatization
- Timely receipt of subsidy from the State Government
- Regulatory clarity in place, with tariff order for FY 2017 in place and filing of tariff petition for FY 2018
- Timely availability of audited accounts for FY 2016
- Cost coverage has improved significantly over the last year from 0.88 to 0.93 in FY 2016
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing the increase in such 'uncontrollable' cost items to be recovered from consumers on monthly basis

### Key Concerns

- High level of AT&C losses at 32.6%, although it has shown improvement over past few years
- High amount of receivables and payables, although the same has shown a declining trend over the years
- Continued high dependence on subsidy support
- Moderate level of cost efficiency

### Key Actionables

- Reduction in AT&C loss level by focusing in areas having higher loss levels
- Improvement cost coverage by effecting frequent tariff hikes
- Reduction in the power procurement costs by entering into long term PPAs with IPPs and through strict compliance of FPPCA mechanism
- Reduction in payable and receivable days
- Effective implementation of UDAY





## **SOUTH BIHAR POWER DISTRIBUTION COMPANY LIMITED**

### **Background**

Under the new 'Bihar State Electricity Reforms Transfer Scheme 2012', the Bihar State Electricity Board (BSEB) has been unbundled into five companies w.e.f. November 1, 2012: Bihar State Power (Holding) Company Limited (BSPHCL), Bihar State Power Transmission Company Limited (BSPTCL), Bihar State Power Generation Company Limited (BSPGCL) and two distribution companies viz. South Bihar Power Distribution Company Limited (SBPDCL) and North Bihar Power Distribution Company Limited (NBPDCCL). BSPHCL owns the shares of the newly-incorporated four other companies.

### **Key Strengths**

- Regulatory clarity in place, with tariff order for FY 2017 in place and timely filing of tariff petition/ for FY 2018
- Satisfactory progress in terms of reforms and restructuring of the sector, which includes unbundling on functional lines and corporatization.
- Timely receipt of subsidy from the State Government
- Cost coverage has improved significantly over the last year from 0.88 to 0.93 in FY 2016
- Timely availability of audited accounts for FY 2016
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework operational, allowing increase in such 'uncontrollable' cost to be recovered from consumers on monthly basis

### **Key Concerns**

- Continued high level of AT&C losses at 46.7%, with the same having deteriorated from 45.3% in FY 2015 on account of decline in collection efficiency
- High amount of payables, with the same having shown a deterioration over the last year
- Huge unmetered consumption and deterioration in collection efficiency
- Continued high dependence on subsidy support
- Moderate level of cost efficiency

### **Key Actionables**

- Reduction in AT&C loss level by focusing in areas having higher loss levels
- Improvement cost coverage by effecting frequent tariff hikes
- Reduction in the power procurement costs by entering into long term PPAs with IPPs and through strict compliance of FPPCA mechanism
- Reduction in receivable days
- Effective implementation of UDAY







## JHARKHAND BIJLI VITRAN NIGAM LIMITED

### Background

Jharkhand State Electricity Board (JSEB) was constituted on 10th March 2001 under Section 5 of the Electricity (Supply) Act, 1948 as a result of the bifurcation of the erstwhile State of Bihar. JSEB has been engaged in electricity generation, transmission, distribution and related activities in the state of Jharkhand since then. The unbundling of JSEB has been approved by the Hon'ble Supreme Court on January 6, 2014. JSEB has been unbundled into 4 entities (Holding, Generation, Transmission and Distribution Company) and all the entities are operating independently as Jharkhand Urja Vikas Nigam Limited (JUVNL), Jharkhand Urja Utpadan Nigam Limited (JUUNL), Jharkhand Urja Sancharan Nigam Limited (JUSNL) and Jharkhand Bijli Vitran Nigam Limited (JBVNL) respectively.

### Key Concerns

- High AT&C losses at 36% in FY 2016
- Low billing efficiency of 73.2% in FY 2016 (PY: 68.9%)
- High power purchase cost at ₹ 4.31 per unit in FY 2016
- Tariff order for FY 2017 and true-up order for FY 2014 not issued
- Low cost coverage ratio of 0.74x in FY 2016; however, government support is extended in the form of revenue gap funding

### Key Actionables

- Reduction in AT&C loss level by focusing more on circles which have high AT&C losses
- Billing efficiency to be improved through various administrative and technical measures
- Timely issuance of tariff orders
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY





## MANIPUR STATE POWER DISTRIBUTION COMPANY LIMITED

### Background

Manipur State Power Distribution Company Limited (MSPDCL) is a wholly owned subsidiary of Manipur State Power Company Limited (MSPCL). The MSPDCL is responsible for generation and distribution of electricity in the State of Manipur, which has a total area of 22,347 square kilometers with nine districts namely, Bishnupur, Churachandpur, Chandel, Imphal-East, Imphal-West, Senapati, Tamenglong, Thoubal and Ukhrul. As on March 31, 2015, MSPDCL serves about 2.59 lakh consumers of various categories.<sup>9</sup>

### Key Strengths

- Tariff order issued for FY 2017

### Key Concerns

- No inputs provided for current rating exercise
- Audited Financials for FY 2016 and FY 2015 are not available
- Timely audit of account and filing for true-up order
- High AT&C losses of around 44.2% in FY 2016

### Key Actionable Points

- Reduction in AT&C loss level
- Timely preparation of annual accounts
- Timely audit completion
- Improvement in village electrification
- Effective implementation of UDAY





## MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED

### Background

Meghalaya Power Distribution Corporation Limited (MePDCL) has begun segregated commercial operations of power distribution as an independent entity from 1st April 2012 onwards. Previously, Meghalaya Energy Corporation Limited (MeECL) was the sole electricity utility in Meghalaya responsible for generation, transmission and distribution of electricity in the state.

### Key Strengths

- Tariff order issued for FY 2017

### Key Concerns

- High AT&C losses at 42% in FY 2016 (PY:31%)
- Absence of audited accounts for FY 2016
- Low billing efficiency of 67% in FY 2016 (PY: 69%)
- High power purchase cost at ₹ 4.99 per unit in FY 2016 (PY: ₹ 4.75 per unit)
- Tariff petition for FY 2018 was not filed within the due date (i.e. November 30, 2016) and true-up order for FY 2014, FY 2015 & FY 2016 have not been issued
- Low cost coverage ratio of 0.65x in FY 2016 and 0.74x in FY 2015

### Key Actionables

- Reduction in AT&C loss level by focusing more on circles which have high AT&C losses
- Billing efficiency to be improved through various administrative and technical measures
- Audit of accounts to be finalized in a time bound manner
- Timely filing of tariff and true-up petition
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY



C

## TRIPURA STATE ELECTRICITY CORPORATION LIMITED

### Background

Tripura State Electricity Corporation Limited (TSECL) is the sole electricity utility in Tripura responsible for generation, transmission and distribution of electricity in the state.

### Key Concerns

- No inputs provided for current rating exercise
- Delay in audit of accounts
- Unfavorable regulatory environment, such as tariff petition not filed for FY 2016
- Unbundling process not yet completed

### Key Actionables

- Timely submission of information for rating exercise
- Timely audit of accounts and timely filing of tariff petition
- Unbundling of TSECL
- Effective implementation of UDAY



## WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

### Background

The erstwhile West Bengal State Electricity Board (WBSEB) has been unbundled into West Bengal State Electricity Distribution Company Limited (WBSEDCL) and West Bengal State Electricity Transmission Company Limited (WBSETCL) in accordance with the transfer scheme notified by the Government of West Bengal dated January 25, 2007. WBSEDCL is a power distribution licensee for almost the entire state of West Bengal, except for certain areas, which are catered by private distribution licensees and accounts for about 80% of the power supply in the state and caters to almost 168 lakh low and medium voltages and 3919 high voltage customers.

### Key Strengths

- Monthly Variable Cost Adjustment (MVCA) framework is operational, allowing for a mechanism for pass-on of increases in power purchase cost
- Limited dependence on State Government subsidy
- Long maturity profile of outstanding debt on WBSEDCL's books; further as per tariff order for FY 2017, entire State Government loans are proposed to be adjusted with a portion of regulatory asset balances
- Timely finalization of audited accounts, which helps in timely release of tariff orders
- Favourable consumption mix, as reflected by a low share of agricultural connections as compared to the industrial and commercial segments, which have higher tariffs

### Key Concerns

- Consistently high AT&C losses (28.9% in FY 2016), albeit some improvement in the last three years
- Deterioration in cost coverage from ~0.91 times in FY 2015 to ~0.86 times in FY 2016
- Significant increase in short term borrowing levels from FY 2011 onwards, exposes the company to refinancing risks, and also leads to a deterioration in capital structure
- Substantial build-up of regulatory assets pertaining to increase in power purchase costs and employee cost due to pay revision; however, WBERC allows carrying cost on regulatory assets

### Key Actionables

- Improvement in AT&C loss levels through improvement in billing efficiency
- Improvement in cost coverage, leading to lower build-up of regulatory assets
- Timely release of true up orders

**B**

## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Background

Chhattisgarh State Power Distribution Company Limited (CSPDCL) was formed in 2009, consequent to the unbundling of Chhattisgarh State Electricity Board (CSEB). CSPDCL supplies power to the entire state of Chhattisgarh. Its consumer base stood at 45.13 lakh as at the end of FY 2016. As per the provisional results provided for FY 2016, CSPDCL registered total revenue of ₹ 9622 crore and net loss of ₹ 1775 crore.

### Key Strengths

- Improvement in AT&C losses from 22.30% in FY 2015 to 21.80% in FY 2016
- Competitive power purchase cost at ₹ 3.89 per unit
- Tariff order issued for FY 2017
- Mechanism operational for automatic pass through of fuel cost

### Key Concerns

- Low billing efficiency at 78.50% in FY 2015 (PY: 77.86%)
- High employee cost at 14.9% of revenue in FY 2016
- RPO compliance not achieved
- Delay in payment of subsidy by the State Government
- Low cost coverage at 0.84x in FY 2016 (PY: 0.90x) due to significant provision of pension and gratuity liabilities
- Elongated payables period at 134 days in FY 2016
- Delay in finalization of audited accounts

### Key Actionables

- AT&C losses to be reduced through improvement in billing efficiency
- Timely preparation of audited accounts and timely payment of subsidy by the State Government
- Billing efficiency to be improved through various administrative and technical measures
- Rationalization of employee cost and timely filing of tariff petition
- Effective implementation of UDAY



**A+**

## DAKSHIN GUJARAT VIJ COMPANY LIMITED

### Background

The Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies, namely Gujarat Urja Vikas Nigam Limited (GUVNL) - the holding company, Gujarat State Electricity Corporation Limited (GSECL) - generation company, Gujarat Electricity Transmission Corporation Limited (GETCO) - transmission company and four power distribution companies namely, Dakshin Gujarat Vij Company Limited (DGVCL), Uttar Gujarat Vij Company Limited (UGVCL), Paschim Gujarat Vij Company Limited (PGVCL) and Madhya Gujarat Vij Company Limited (MGVCL).

### Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage ratio and capital structure
- Healthy cash collections from the consumers, also aided by satisfactory AT&C Loss Levels which remained at 9.77% for FY 2016
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing increase in cost to be recovered from consumers quarterly
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC
- Timely submission of audited accounts by September, 2016

### Key Concerns

- Subsidy dues receivable from GoG built-up from ₹ 727.7 crore as on March 31, 2010 to ₹ 4664 crore as on March 31, 2016, due to lower budgetary allocation than actual subsidy claims. On annual basis, actual subsidy received has always been 100% of the budgetary allocation. However, the budgetary allocation has been lower than the actual claim leading to increase in outstanding subsidies.

### Key Actionables

- Continue to maintain low level of AT&C losses as well as high collection efficiency
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward
- Leverage benefits available under UDAY



**A+**

## UTTAR GUJARAT VIJ COMPANY LIMITED

### Background

The Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies, namely Gujarat Urja Vikas Nigam Limited (GUVNL) - the holding company, Gujarat State Electricity Corporation Limited (GSECL) - generation company, Gujarat Electricity Transmission Corporation Limited (GETCO) - transmission company and four power distribution companies namely, Dakshin Gujarat Vij Company Limited (DGVCL), Uttar Gujarat Vij Company Limited (UGVCL), Paschim Gujarat Vij Company Limited (PGVCL) and Madhya Gujarat Vij Company Limited (MGVCL).

### Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage ratio and capital structure
- Healthy cash collections from the consumers, also aided by satisfactory AT&C Loss Levels which remained at 11.10% for FY 2016
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing increase in cost to be recovered from consumers quarterly
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC
- Timely submission of audited accounts by September, 2016

### Key Concerns

- Subsidy dues receivable from GoG built-up from ₹ 727.7 crore as on March 31, 2010 to ₹ 4664 crore as on March 31, 2016, due to lower budgetary allocation than actual subsidy claims. On annual basis, actual subsidy received has always been 100% of the budgetary allocation. However, the budgetary allocation has been lower than the actual claim leading to increase in outstanding subsidies.

### Key Actionables

- Continue to maintain low level of AT&C losses as well as high collection efficiency
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward
- Leverage benefits available under UDAY





**A+**

## MADHYA GUJARAT VIJ COMPANY LIMITED

### Background

The Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies, namely Gujarat Urja Vikas Nigam Limited (GUVNL) - the holding company, Gujarat State Electricity Corporation Limited (GSECL) - generation company, Gujarat Electricity Transmission Corporation Limited (GETCO) - transmission company and four power distribution companies namely, Dakshin Gujarat Vij Company Limited (DGVCL), Uttar Gujarat Vij Company Limited (UGVCL), Paschim Gujarat Vij Company Limited (PGVCL) and Madhya Gujarat Vij Company Limited (MGVCL).

### Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage ratio and capital structure
- Healthy cash collections from the consumers, also aided by satisfactory AT&C Loss Levels which remained at 10.50% for FY 2016
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing increase in cost to be recovered from consumers quarterly
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC
- Timely submission of audited accounts by September, 2016

### Key Concerns

- Subsidy dues receivable from GoG built-up from ₹ 727.7 crore as on March 31, 2010 to ₹ 4664 crore as on March 31, 2016, due to lower budgetary allocation than actual subsidy claims. On annual basis, actual subsidy received has always been 100% of the budgetary allocation. However, the budgetary allocation has been lower than the actual claim leading to increase in outstanding subsidies.

### Key Actionables

- Continue to maintain low level of AT&C losses as well as high collection efficiency
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward
- Leverage benefits available under UDAY



**A+**

## PASCHIM GUJARAT VIJ COMPANY LIMITED

### Background

The Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies, namely Gujarat Urja Vikas Nigam Limited (GUVNL) - the holding company, Gujarat State Electricity Corporation Limited (GSECL) - generation company, Gujarat Electricity Transmission Corporation Limited (GETCO) - transmission company and four power distribution companies namely, Dakshin Gujarat Vij Company Limited (DGVCL), Uttar Gujarat Vij Company Limited (UGVCL), Paschim Gujarat Vij Company Limited (PGVCL) and Madhya Gujarat Vij Company Limited (MGVCL).

### Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage ratio and capital structure
- Healthy cash collections from the consumers
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing increase in cost to be recovered from consumers quarterly
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by GERC
- Timely submission of audited accounts by September, 2016

### Key Concerns

- High AT&C loss levels, which have decreased from 24.8% in FY 2015 to 24.2% in FY 2016
- Subsidy dues receivable from GoG built-up from ₹ 727.7 Cr. as on March 31, 2010 to ₹ 4664 crore as on March 31, 2016, due to lower budgetary allocation than actual subsidy claims. On annual basis, actual subsidy received has always been 100% of the budgetary allocation. However, the budgetary allocation has been lower than the actual claim leading to increase in outstanding subsidies.

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward
- Leverage benefits available under UDAY



## MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED

**B+**

### Background

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (MPPKVCL) is an unbundled state power distribution company of Madhya Pradesh State Electricity Board (MPSEB). As per the Madhya Pradesh Vidyut Sudhar Adhinyam 2000 of the Government of Madhya Pradesh (GoMP), the erstwhile MPSEB was unbundled into a generation company, a transmission company and three distribution companies (Discoms) with effect from November 1, 2002. MP Power Generating Company Limited (MPPGCL) was incorporated as the sole generation company, MP Power Transmission Company Limited (MPPTCL) was incorporated as the sole transmission company and three Discoms were incorporated in the form of MP Poorv Kshetra Vidyut Vitaran Company Limited (MPPoKVCL), MP Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVCL) and MP Paschim Kshetra Vidyut Vitaran Company Limited (MPPKVCL).

### Key Strengths

- 100% sourcing of power through LT sources
- Timely receipt of subsidy from the State Government
- Fuel cost adjustment framework is operational
- Lower reliance on external debt

### Key Concerns

- High AT&C losses at 23.65% in FY 2016 (PY: 24.22%) albeit with marginal improvement
- Low billing efficiency at 77% in FY 2016 (PY: 79%)
- Low level of metering at 78% in FY 2016 (PY:76%)
- Delay in filing of tariff petition for FY 2018 and issuance of true-up order for FY 2015

### Key Actionables

- AT&C losses to be brought down through improving the billing efficiency
- Timely filing of tariff petition
- Improvement in collection period and consumer metering
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY



**B**

## **MADHYA PRADESH POORV KSHETRA VIDYUT VITARAN COMPANY LIMITED**

### **Background**

Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co Ltd (MMPoKVV) is an unbundled state power distribution company of Madhya Pradesh State Electricity Board (MPSEB). As per the Madhya Pradesh Vidyut Sudhar Adhinyam 2000 of the Government of Madhya Pradesh (GoMP), the erstwhile MPSEB was unbundled into a generation company, a transmission company and three distribution companies (Discoms) with effect from November 1, 2002. MP Power Generating Company Limited (MPPGCL) was incorporated as the sole generation company, MP Power Transmission Company Limited (MPPTCL) was incorporated as the sole transmission company and three Discoms were incorporated in the form of MP Poorv Kshetra Vidyut Vitaran Company Limited (MPPoKVVCL), MP Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVVCL) and MP Paschim Kshetra Vidyut Vitaran Company Limited (MPPKVVCL).

### **Key Strengths**

- 100% sourcing of power through LT sources
- Timely receipt of subsidy from State Government
- Fuel cost adjustment framework is operational
- Lower reliance on external debt

### **Key Concerns**

- High AT&C losses at 24.23% in FY 2016 (PY: 24.36%) albeit with marginal improvement and Low billing efficiency at 77% in FY 2016 (PY: 78%)
- Low cost coverage of 0.84x in FY 2016 (PY: 0.81x) albeit with marginal improvement and high employee cost at 11.84% of revenue in FY 2016
- Low level of metering at 75% in FY 2016 (PY:75%)
- Delay in filing of tariff petition for FY 2018 and issuance of true up order for FY 2015

### **Key Actionables**

- AT&C losses to be brought down through improvement in billing efficiency
- Rationalization of employee cost and timely filing of tariff petition
- Improvement in consumer metering
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY



## MADHYA PRADESH MADHYA KSHETRA VIDYUT VITARAN COMPANY LIMITED

C+

### Background

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co Ltd (MMPKVV) is an unbundled state power distribution company of Madhya Pradesh State Electricity Board (MPSEB). As per the Madhya Pradesh Vidyut Sudhar Adhinyam 2000 of the Government of Madhya Pradesh (GoMP), the erstwhile MPSEB was unbundled into a generation company, a transmission company and three distribution companies (Discoms) with effect from November 1, 2002. MP Power Generating Company Limited (MPPGCL) was incorporated as the sole generation company, MP Power Transmission Company Limited (MPPTCL) was incorporated as the sole transmission company and three Discoms were incorporated in the form of MP Poorv Kshetra Vidyut Vitaran Company Limited (MPPoKVCL), MP Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVVCL) and MP Paschim Kshetra Vidyut Vitaran Company Limited (MPPKVCL).

### Key Strengths

- 100% power sourcing through LT sources
- Timely receipt of subsidy from the State Government
- Fuel cost adjustment framework is operational
- Lower reliance on external debt

### Key Concerns

- Decline in collection efficiency at 92.04% in FY 2016 (PY: 98.31) leading to high AT&C losses at 31.29% in FY 2016 (PY: 26.55%) and low billing efficiency at 75% in FY 2016 (PY: 75%)
- Low cost coverage of 0.70x in FY 2016 (PY: 0.69x)
- High employee cost at 12.37% of revenue in FY 2016
- Low consumer metering at 81% in FY 2016 (PY: 81%)
- Delay in filing of tariff petition for FY 2018 and issuance of true up order for FY 2015

### Key Actionables

- AT&C losses to be brought down through improvement in billing efficiency
- Rationalization of employee cost and timely filing of tariff petition
- Improvement in collection period and consumer metering
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Effective implementation of UDAY



## MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

**A**

### Background

The Government of Maharashtra unbundled and restructured the erstwhile Maharashtra State Electricity Board (MSEB) with effect from 6th June, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Maharashtra State Electricity Board were transferred to four successor companies, namely MSEB Holding Company Limited (MHCL), Maharashtra State Power Generation Company Limited (MSPGCL), Maharashtra State Electricity Transmission Company Limited (MSETCL) and Maharashtra State Electricity Distribution Company Limited (MSEDCL).

### Key Strengths

- Timely receipt of subsidy from State Government
- Demonstrated ability to improve the T&D loss level by successful implementation of distribution franchisee model
- Fuel Adjustment Cost (FAC) mechanism with a ceiling is in place
- MYT order for control period (FY 2017 to FY 2020) in place in November 2016
- Timely availability of audited accounts by September, 2016

### Key Concerns

- AT&C and cost coverage ratios for FY 2016 continues to remain moderate, after adjusting the increase in receivables due to take-over of the same from MSEB Holding Company Ltd as part of transfer scheme implemented
- Significant dependence on subsidy support from State Government, which has also seen an increasing trend due to rise in cost of power supply & continuing subsidized nature of tariff towards agriculture category
- Sharp increase in debtor levels in FY 2016 due to rise in receivables; elongated receivables as on March 2016 primarily due to take over of debtors from erstwhile MSEB as part of restructuring scheme

### Key Actionables

- Continuation of reduction in AT&C losses and further improvement in collection efficiency
- To recover the outstanding dues and ensure healthy collection efficiency
- Cost coverage to be improved through suitable tariff increase and rationalization of costs
- To ensure timely payments to power generating companies
- Effective implementation of UDAY



## EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED



### Background

The Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) was formed on March 31, 2000 and is engaged in the distribution and bulk supply of power in the Eastern region of Andhra Pradesh. APEPDCL covers the five circles viz. Srikakulam, Visakhapatnam, Vizianagaram, East and West Godavari districts & 20 Divisions of Coastal Andhra Pradesh.

### Key Strengths

- Very Low level of AT&C losses with further improvement in FY 2016 to 6.4% (PY: 7.86%)
- Healthy billing efficiency at 94.52% in FY 2016
- Satisfactory cost coverage ratio which improved to 0.94x in FY 2016 (PY: 0.87x)
- Timely receipt of tariff subsidy from the Government of Andhra Pradesh (GoAP)
- Tariff order issued for FY 2017
- Healthy collection period at 59 days in FY 2016

### Key Concerns

- High power purchase cost at ₹ 4.52 per unit in FY 2016
- Delay in filing of tariff petition for FY 2018
- High payables days at 139 days in FY 2016 (PY: 81 days)
- Absence of True-up order for FY 2015

### Key Actionables

- Continue to maintain low level of AT&C losses
- Rationalization of power purchase cost by higher sourcing through long-term sources
- Timely filing of tariff petition and issuance of true-up order
- Achievement of target set for RPO Compliance
- Effective implementation of UDAY



## SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

# B+

### Background

The Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) was formed in April 1, 2000, to serve Krishna, Guntur, Prakasam, Nellore, Chittoor and Kadapa districts. The corporate office and headquarters of APSPDCL are at Tirupati City. After the bifurcation of the erstwhile Andhra Pradesh into the two new states of Andhra Pradesh and Telangana on June 2, 2014, two more districts Anantapur and Kurnool were added to the APSPDCL.

### Key Strengths

- Improvement in billing efficiency to 96% and AT&C loss level to 7.43% in FY 2016
- Satisfactory overall consumer metering at around 91% (PY: 89%)
- Timely receipt of tariff subsidy from the Government of Andhra Pradesh (GoAP)
- Tariff order issued for FY 2017

### Key Concerns

- High power purchase cost at ₹ 4.76 per unit in FY 2016
- Lower power procurement through LT sources; 40% in FY 2016 (PY: 32%)
- Continuous loss registered in last three years and low cost coverage ratio at 0.78x in FY 2016
- Delay in filing of tariff petition for FY 2018 and non-issuance of true up order for FY 2015
- High payables days at 123 days in FY 2016 (PY: 67 days)

### Key Actionables

- Continue to maintain low level of AT&C losses
- Rationalization of power purchase cost by higher sourcing through long-term sources
- Timely filing of tariff petition and issuance of true-up order
- Effective implementation of UDAY







## CHAMUNDESHWARI ELECTRICITY SUPPLY CORPORATION LIMITED

### Background

Erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### Key Strengths

- Improvement in AT&C loss levels during FY 2016
- Improvement in cost coverage in FY 2016 led by higher tariff realization and improved subsidy realisation
- Regulatory clarity in the State, with presence of multi-year tariff regime along with regular tariff filings and tariff orders issuance
- 100% RPO Compliance achieved in FY 2016
- Timely availability of audited financial accounts for FY 2016

### Key Concerns

- Financial profile constrained by weak capital structure owing to accumulated losses, high receivable and payable days
- Increase in cost of power procurement in FY 2016 vis-à-vis FY 2015
- High level of employee expenses as a proportion of revenues
- Hours of supply in the rural areas by CESCOM remains less than 18 hours

### Key Actionables

- To continue to focus on loss reduction efforts in areas having higher loss levels
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KERC, especially power purchase costs
- To recover the outstanding dues including pending subsidy and ensure healthy collection efficiency
- To ensure timely payments to power generating companies
- Effective implementation of UDAY





## BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

### Background

Erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### Key Strengths

- BESCOM's AT&C loss level has remained satisfactory and shown a declining trend and is above average among all Karnataka DISCOMs
- Largest DISCOM in Karnataka accounting for 45-50% of total energy sales; Consumer profile is also favorable with good mix of HT and Commercial consumers
- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- Timely availability of audited financial accounts for FY 2016
- 100% RPO compliance in FY 2016

### Key Concerns

- Decline in cost coverage ratio in FY 2016 over the previous year owing to significant increase in power purchase cost
- High level of pending receivables and inter-discom power purchase receivables
- Hours of supply in the rural areas by BESCOM remains less than 18 hours

### Key Actionables

- To continue to focus on loss reduction efforts in areas having higher loss levels
- To lower dependence on short-term power purchases
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KERC, especially power purchase costs
- To recover the outstanding dues including pending subsidy and ensure healthy collection efficiency
- Effective implementation of UDAY





## MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

### Background

Erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### Key Strengths

- MESCOM's AT&C loss level has remained satisfactory and shown a declining trend and is above average among all Karnataka DISCOMs
- Regulatory clarity in the State, with presence of multi-year tariff regime along with regular tariff filings and tariff orders issuance
- 100% RPO compliance achieved in FY 2016
- Timely availability of audited financial accounts for FY 2016

### Key Concerns

- Deterioration in cost coverage ratio during FY 2016 due to significant increase in power purchase costs for the year
- High level of O&M and employee expenses as a proportion of revenues
- High level of receivable and payable days

### Key Actionables

- To continue to focus on loss reduction efforts in areas having higher loss levels
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KERC, especially power purchase costs
- To recover the outstanding dues including pending subsidy and ensure healthy collection efficiency
- To ensure timely payments to power generating companies
- Effective implementation of UDAY



**B+**

## HUBLI ELECTRICITY SUPPLY COMPANY LIMITED

### Background

Erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### Key Strengths

- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- Improvement shown in AT&C loss level in FY 2016 led by higher collection efficiency
- 100% RPO Compliance achieved in FY 2016

### Key Concerns

- Weak financial profile marked by high accumulated losses and high receivable and payable days
- Decline in cost coverage ratio during FY 2016 with significant increase in power purchase costs
- High dependence on subsidy support from state government due to high proportion of agriculture consumers
- Delays in meeting debt servicing obligations
- Hours of supply in the rural areas by HESCOM remains less than 18 hours

### Key Actionables

- To continue to focus on loss reduction efforts in areas having higher loss levels
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KERC, especially power purchase costs
- To recover the outstanding dues and ensure healthy collection efficiency
- To ensure timely payments to power generating companies
- To ensure timely payments to lenders
- Effective implementation of UDAY



**B**

## **GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**

### **Background**

Erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### **Key Strengths**

- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- 100% RPO compliance in FY 2016

### **Key Concerns**

- Weak financial profile marked by net losses, high receivable and payable days
- Deterioration in cost coverage ratio during FY 2016 due to significant increase in power purchase costs
- While AT&C losses have shown improvement in FY 2016, the losses continue to remain relatively high among the five discoms in Karnataka
- High dependence on subsidy support from state government due to high proportion of agriculture consumers
- Delay in submission of audited accounts for FY 2016
- Hours of supply in the rural areas by GESCOM remains less than 18 hours

### **Key Actionables**

- Reduction in AT&C losses through improvement in billing efficiency, collection efficiency and higher metering
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KERC, especially power purchase costs
- To recover the outstanding dues and ensure healthy collection efficiency
- To ensure timely payments to power generating companies
- To ensure availability of audited accounts in a timely manner
- Effective implementation of UDAY



**B+**

## **KERALA STATE ELECTRICITY BOARD LIMITED**

### **Background**

Erstwhile Kerala State Electricity Board (KSEB) was corporatized and was incorporated as Kerala State Electricity Board Limited (KSEBL) under the Companies Act, 1956 on January 14, 2011. It started operations as an independent company with effect from October 31, 2013. KSEBL is in the business of Generation, Transmission and Distribution of electricity to all classes of consumers in the state of Kerala. The installed power generation capacity of KSEBL was 2,866.72 MW as on March 31, 2016, of which hydel constituted the major portion with around 71% of generation capacity. The total energy consumption within the state was 19,325 million units (kWh) during FY 2016. The grading exercise is based upon audited financials of KSEBL for FY 2016 .

### **Key Strengths**

- Satisfactory level of AT&C losses at 15.44% in FY 2016 (PY: 14.42%)
- Timely payment of subsidy by the State Government
- 100% consumer metering
- Adequate supply of power in rural areas of around 23 hours per day with no non-electrified village as on March 31, 2016

### **Key Concerns**

- No unbundling on functional lines
- High employee expenses which stood at 30.2% of the total revenue and relatively high O&M cost which stood at 5.5% of the total revenue in FY 2016
- Consistent delay in filing Tariff petition, True up petition and absence of tariff order
- Moderate level of billing efficiency of around 86% (PY: 87%) in FY 2016
- Moderate financial risk profile with overall gearing of 3.24 (PY: 2.69) as on March 31, 2016

### **Key Actionables**

- Continue to maintain low level of AT&C loss level
- Continuation of timely completion of audited accounts
- Timely filing of tariff petition and true up petitions and issuance of tariff orders
- Controlling various operating expenses to improve cost efficiency
- Effective implementation of UDAY



## TAMIL NADU GENERATION & DISTRIBUTION CORPORATION LIMITED

### Background

Vide order G.O.(Ms).No.100 dated October 19, 2010 of the Tamil Nadu Electricity (Reorganization and Reforms) Transfer Scheme 2010 issued by the Government of Tamil Nadu, the erstwhile Tamil Nadu Electricity Board was reorganized into TNEB Limited, Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and Tamil Nadu Transmission Corporation Limited (TANTRANSCO). As distribution licensee, TANGEDCO carries out the retail supply of power to the end users as well as maintains the wire business for supply of such power.

### Key Strengths

- Continuing support from GoTN in the form of funds infusion of in the form of equity and advance release of subsidy
- Improvement in cost coverage following the reduction in the average cost of power following commissioning of various own and Central generating stations

### Key Concerns

- Delay in filing of Multi-Year Tariff and true-up petition by TANGEDCO
- Notwithstanding the improvement in cost coverage, the Discom reported FY 2016 with net cash losses of ~₹5,600 crore; nevertheless, as part of UDAY, the losses are expected to moderate going forward driven by reduction in interest costs
- Lack of further power sector reforms as reflected in unsatisfactory progress on consumer metering besides continuance of free/subsidized power schemes
- Dependence on tariff subsidy from GoTN has increased substantially; hence, the Board is increasingly exposed to the credit risk of GoTN for its functioning
- High financial risk profile on a standalone basis arising from cash losses, poor capital structure and debt protection measures and cash flows are expected to remain stressed in medium-term

### Key Actionables

- Moderately high AT&C loss levels and billing efficiency (80%) needs improvement
- 100% metering – consumer, feeder and DTR metering.
- Effective implementation of UDAY scheme mandated debt takeover (by the State Government) and efficiency improvements
- To submit tariff petitions and true-up petitions in a timely manner. Timely filing of FPPCA
- To improve cost coverage by bringing down the cost of generation

## SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

**B+**

### Background

Southern Power Distribution Company of Telangana Limited (TSSPDCL), erstwhile APCPDCL (Andhra Pradesh Central Power Distribution Company Limited) is operating in the state of Telangana covering five districts and catering to over 8 million consumers. Erstwhile APCPDCL was formed on March 31, 2000. Consequent on enactment of Andhra Pradesh (AP) Reorganization Bill, 2014, the name of the Company has been changed to Southern Power Distribution Company of Telangana Limited with effect from June 02, 2014. Presently TSSPDCL operates as a distribution licensee in the southern part of Telangana covering five districts, i.e. Hyderabad, Mahaboobnagar, Nalgonda, Medak and Rangareddy.

### Key Strengths

- Healthy billing efficiency of 88.50% in FY 2016 (PY: 88.70%)
- Timely receipt of tariff subsidy
- Tariff order issued for FY 2017
- Implementation of key reform measures

### Key Concerns

- High power purchase cost of ₹ 4.55 per unit in FY 2016
- Lower power procurement through LT sources at 81% in FY 2016 (PY: 76%)
- Reduced collection efficiency and increased AT&C losses to 13.38% in FY 2016 (PY: 11.30%)
- Deterioration in the cost coverage to 0.84x in FY 2016 (PY: 0.97x)
- Tariff petition for FY 2018 not filed within specified timeline
- Continued high payable days at 191 days in FY 2016

### Key Actionables

- Improvement in collection efficiency and reduction in AT&C loss
- Higher proportion of long term PPAs and increased procurement through renewable sources
- Cost coverage to be improved through suitable tariff revision and cost rationalization
- Timely filing of Tariff petition
- Implementation of a mechanism for automatic pass through of power cost
- Effective implementation of UDAY





## NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

**B+**

### Background

The Northern Power Distribution Company of Telangana Limited (TSNPDCL), erstwhile APNPDCL (Andhra Pradesh Northern Power Distribution Company Limited) was incorporated under the Companies Act, 1956 as a Public Limited Company on March 30, 2000 to carry out electricity distribution business as part of the unbundling of erstwhile Andhra Pradesh State Electricity Board. Consequent on enactment of Andhra Pradesh (AP) Reorganization Bill, 2014, the name of the Company has been changed to Northern Power Distribution Company of Telangana Limited with effect from June 02, 2014. The company provides electricity to Warangal, Karminagar, Khammam, Nizamabad and Adilabad districts.

### Key Strengths

- Continuously improving AT&C loss at 15.79% in FY 2016 vis-à-vis 16.04% in FY 2015
- Tariff order issued for FY 2017
- Timely receipt of tariff subsidy
- Implementation of key reform measures

### Key Concerns

- High power purchase cost at ₹ 4.82 per unit in FY 2016
- Lower power procurement through LT sources at 80% in FY 2016 (PY: 76%)
- Low consumer metering at 80% in FY 2016, similar as FY 2015
- Tariff petition for FY 2018 not filed
- Continuous loss registered in last three years and low cost coverage ratio at 0.82x in FY 2016
- High collection and payable days at 117 days and 208 days respectively in FY 2016

### Key Actionables

- Continuation of reduction in AT&C losses and further improvement in collection efficiency
- Level of consumer metering to be increased
- Timely filing of tariff petition
- Higher proportion of long term PPAs and increased procurement through renewable sources
- Cost coverage to be improved through suitable tariff increase and rationalization of costs
- Effective implementation of UDAY





## Section IV Key Findings





## KEY FINDINGS

- Cost coverage ratio for most entities (25 out of 41 rated) remained low (<0.90) due to substantial increase in expenses and non-cost reflective tariffs.
- The median Cost Coverage has however improved marginally to 0.87 during the fifth rating exercise as compared to 0.85 in the fourth rating exercise. Overall, 23 power distribution entities (out of a total of 41) have shown improvement in their cost coverage ratios. Out of these, 6 discoms have shown improvement of more than 10% in their cost coverage ratio. Out of the 14 discoms reporting decline in cost coverage ratio, 3 have shown a decline of more than 10%. For median calculation, cost coverage for TSECL and JBVNL assumed unchanged in FY 2016 as data was not available.
- Gujarat & Himachal Pradesh were the best performers on cost coverages. Four power distribution entities have shown more than 15% improvement in this parameter and these include Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), Kanpur Electricity Supply Company Limited (KESCO), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL) and Jodhpur Vidyut Vitran Nigam Limited (JdVVNL).
- 26 of the rated power distribution entities have shown an improvement in their Aggregate Technical & Commercial (AT&C) loss levels during FY 2016 (over the previous year). 12 utilities have reported AT&C loss levels within 15% during 2016 as compared to 10 utilities during 2015. The median loss level has declined to 22.92% in the current rating exercise from 24.82% in the fourth rating exercise after coming down from 25.08% in the third rating exercise, 26.19% in the second rating exercise and 26.55% in the first rating exercise.
- Fourteen utilities have been able to achieve more than 10% reduction in this parameter and these include Eastern Power Distribution Company of AP Limited (APEPDCL), Southern Power Distribution Company of AP Limited (APSPDCL), Himachal Pradesh State Electricity Board Limited (HPSEBL), Uttarakhand Power Corporation Limited (UPCL), Mangalore Electricity Supply Company Limited (MESCOM), Chamundeshwari Electricity Supply Corporation Limited (CESCOM), Bangalore Electricity Supply Company Limited (BESCOM), Hubli Electricity Supply Company Limited (HESCOM), Gulbarga Electricity Supply Company Limited (GESCOM), Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), Kanpur Electricity Supply Company Limited (KESCO), Jodhpur Vidyut Vitran Nigam Limited (JdVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL) and Purvanchal Vidyut Vitran Nigam Limited (PuVVNL).
- Six utilities including Uttar Gujarat Vij Company Limited (UGVCL), Southern Power Distribution Company of Telangana Limited (TSSPDCL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), MP Madhya Kshetra Vidyut Vitran Company Limited (MPMKVVCL), Meghalaya Power Distribution Corporation Limited (MePDCL) and Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL) have shown deterioration of more than 10%.



- In terms of regulatory environment, Tariff Orders for FY 2017 for 8 utilities have not been issued (including states of Kerala, Rajasthan, Tamil Nadu, Assam, Jharkhand and Tripura). For the fourth rating exercise, Tariff Orders were not issued for the states of Kerala, Rajasthan, Tamil Nadu and Tripura while for the states of Assam, Jharkhand, Maharashtra, Uttar Pradesh and West Bengal tariff orders were issued with significant delays. For the third rating exercise, Tariff Orders were not issued for the states of Maharashtra, Andhra Pradesh, Jharkhand & Telangana; while for the states of Tamil Nadu, West Bengal & Rajasthan tariff order were issued with significant delays. For the second rating exercise Tariff order for FY 2014 were issued for all states except Maharashtra. During the first rating exercise, Tariff Orders for all the states for the year FY 2013 had been issued.
- There has been an increase in terms of the number of utilities which have timely filed tariff petition for FY 2018, with 14 utilities (out of 41) filing the tariff petition in a timely manner during the current rating exercise. The corresponding numbers for the fourth, third, second and first rating exercises were 12, 15, 21 and 7, respectively.
- In terms of availability of audited accounts for FY 2016, 30 out of a total of 41 utilities have submitted audited annual accounts for FY 2016 during the current rating exercise as against 26 utilities (submission of accounts for FY 2015) during the fourth annual rating exercise conducted last year.
- Regulatory clarity gradually appearing in the state power sector with SERCs in place across all 22 states covered by ICRA and CARE.
- Finally, most of the utilities have shown greater cooperation in terms of submission of information and facilitating meetings and discussions.



**Appendix**  
**Integrated Rating Methodology for State Power  
Distribution Utilities**







## **Appendix - Integrated Rating Methodology for State Power Distribution Utilities**

### **1. Background**

Distribution function is a crucial link in the electricity chain as it provides the last mile connectivity in the Electricity Sector. With most of the country's distribution business coming under the state distribution sector, achieving improvements in the financial and operational performance of the State Power Distribution Utilities is of paramount importance for the robust overall development of the Indian power sector.

### **2. Introduction**

Ministry of Power initiated action for development of an Integrated Rating Methodology covering the State Power Distribution Utilities keeping in view the poor financial health of the State Distribution Utilities due to multifarious factors.

The objective of the integrated rating is to rate all utilities in power distribution sector based on their performance and their ability to sustain the performance level. The methodology adopted attempts to objectively adjudge the performance of state distribution utilities against various parameters broadly classified under i) Operational & Reform parameters ii) External Parameters and iii) Financial parameters. The evaluation of certain parameters would cover current levels of performance as well as relative improvement from year to year. The operational and reform parameters viz. AT&C Losses, Efficiency of Power Purchase cost, customer interface, etc. carry weightage of 47% and the financial parameters viz. cost coverage ratio, payables, receivables, timely submission of audited accounts, etc. carry weightage of 33%. External parameters relating to regulatory environment, State Govt. subsidy support, etc. have been assigned weightage of 20%.

The methodology provides for assigning negative marks for non-compliance on such parameters viz. unavailability of audited accounts, non-formation of State Transmission Utility, non-filing of tariff petition, etc. The negative marks for such parameters give necessary depth to rating methodology.

The rating of all state power distribution utilities will be carried out by the credit rating agencies appointed by Ministry of Power. However, state power departments would not be covered under the proposed rating mechanism. The ratings will be published on the website of the Ministry of Power.





### 3. Integrated rating methodology

#### (i) Summary of Rating Parameters

S.No.	Parameters	Marks
<b>1</b>	<b>OPERATIONAL &amp; REFORM Parameters</b>	<b>47</b>
<b>I)</b>	<b>Operational related</b>	
i)	AT&C Losses	28,-4
ii)	Power purchase	6
iii)	Cost Efficiency	6
iv)	Public Interface / Quality of Service <i>(limited to 3 marks)</i>	3
<b>II)</b>	<b>Reform related</b>	
v)	Achievement of target set under DDUGJY scheme	2
vi)	RPO Compliance	2
<b>2</b>	<b>EXTERNAL Parameters</b>	<b>20</b>
I)	Regulatory	12,-19
II)	Govt. Support	8
<b>3</b>	<b>FINANCIAL Parameters</b>	<b>33</b>
I)	Ratios	
a	Cost Coverage Ratio	15
II)	Sustainability	6
III)	Receivables	4
IV)	Payables	3
V)	Audited Accounts	5,-12
VI)	Audit Qualifications	0,-1
VII)	Default to Banks / FIs	0,-2
	<b>Total</b>	<b>100</b>

(ii) Definitions

S. No.	Parameters	Definition
1	Coverage Ratio	$\frac{\text{(Revenue realized from sale of power + Other income + Subsidy received)}}{\text{(Total Expenditure booked)}}$ <p>Where;                      Revenue realized from sale of power = Opening receivables (power sale) – Closing receivables (power sale) + revenue from sale of power booked during the year</p>
2.	<b>AT&amp;C Losses (%) for SEBs/PDs/ Discoms</b> <ul style="list-style-type: none"> <li>• Net input energy (Mkwh)</li> <li>• Energy realized (Mkwh)</li> <li>• Net sale of energy (Mkwh)</li> <li>• Collection Efficiency (%)</li> <li>• Net revenue from sale of energy (Rs. cr)</li> </ul>	$\frac{\text{(Net input energy (Mkwh) – Energy Realized (Mkwh))} \times 100}{\text{Net input energy (Mkwh)}}$ <p style="text-align: center;">Total input energy (adjusted for transmission losses and energy traded)</p> <p style="text-align: center;">Net sale of Energy (Mkwh) x Collection Efficiency</p> <p style="text-align: center;">Total energy sold (adjusted for energy traded)</p> $\frac{\text{(Net Revenue from Sale of Energy – Change in Debtors for Sale of Power)} \times 100}{\text{Net Revenue from Sale of energy}}$ <p style="text-align: center;">Revenue from sale of energy (adjusted for revenue from energy traded)</p>
3.	Billing Efficiency	Net sale of energy / Net input energy
4.	Fixed Assets to Total Debt Ratio	$\frac{\text{Net Fixed Assets}}{\text{Total Debt}}$
5.	Receivables (no. of days)	$\frac{\text{Debtors for sale of power} \times 365}{\text{Revenue from sale of power}}$
6.	Payables (no. of days)	$\frac{\text{Creditors for purchase of power} \times 365}{\text{Cost of purchase of power}}$

Clarification : Electricity Duty/Cess should be included in the revenue / receivables while calculating Cost Coverage Ratio, AT&C Loss



## (iii) Scoring Methodology

S.N.	Parameters	Score
<b>1.</b>	<b>Operational &amp; Reform Parameters</b>	<b>47</b>
<b>I.</b>	<b>Operational related</b>	<b>43</b>
<b>i)</b>	<b>AT&amp;C Losses</b>	<b>28</b>
<b>a</b>	<b>AT&amp;C Loss Levels</b>	<b>15</b>
	<b>Marks for absolute levels</b>	
	Less than or equal to 15%	15
	Between 15 to 30%	Proportionate
	More than 30%	0
	if more than 30% (0.05 mark is reduced for every increase in ratio by 1% subject to a limit of -1)	-1
	<b>Marks for Improvement (applicable when AT&amp;C Losses is less than 35%)</b>	
<b>A)</b>	<b>Improvement in AT&amp;C Loss levels</b>	
	$\frac{\{AT\&C \text{ in FY}(T-2) - AT\&C \text{ in FY}(T-1)\}}{\{AT\&C \text{ in FY}(T-2) - \text{Benchmark AT\&C}\}}$ Where, AT&C = AT&C Losses in %, Benchmark AT&C = 25%, T = Rating Exercise Year, T-1=Rating Evaluation Year	
	If the above ratio $\geq 1$	6
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio $\leq 0$	0
<b>B)</b>	<b>Improvement in AT&amp;C Loss Levels (consistently)</b>	
	Yearly variation (on absolute basis) in AT&C Losses for the past 3 years is calculated	
	If all the variations are positive i.e. consistently improving	2
	If any variation is negative	0
	<b>Marks for deterioration (applicable when AT&amp;C Losses is more than 30%)</b>	
	Increase by 20% or more	-3
	Increase by 10% up to 20%	-2
	Increase by 5% up to 10%	-1
	<i>Note 1 : Higher of the two marks (either Absolute Marks or Marks for Improvement ) shall be assigned</i>	
	<i>Note 2 : if Absolute Marks &lt;0 and Marks for Improvement = 0, then Absolute marks shall be assigned</i>	
<b>b</b>	<b>Billing Efficiency</b>	<b>8</b>
	<b>Marks for absolute level</b>	
	More than or equal to 90%	8
	Between 82 to 90%	Proportionate
	Equal to 82%	0
	<b>Marks for Improvement</b>	
	$\frac{\{BE \text{ in FY}(T-2) - BE \text{ in FY}(T-1)\}}{\{BE \text{ in FY}(T-2) - \text{Benchmark BE}\}}$ Where, BE = Billing Efficiency, Benchmark BE = 90%, T = Rating Exercise Year, T-1=Rating Evaluation Year	
	If the above ratio $\geq 1$	8
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio $\leq 0$	0
	<i>Note : Higher of the two marks (either Absolute Marks or Marks for Improvement ) shall be assigned</i>	



S.N.	Parameters	Score
<b>1.</b>	<b>Operational &amp; Reform Parameters</b>	<b>47</b>
<b>I.</b>	<b>Operational related</b>	
<b>c</b>	<b>Collection Efficiency</b>	<b>5</b>
	<i>Marks for absolute level</i>	
	More than or equal to 100%	5
	Between 90 to 100%	Proportionate
<b>ii)</b>	<b>Power Purchase</b>	<b>6</b>
<b>a</b>	<b>Power purchase planning &amp; procurement</b>	<b>2</b>
	More than 90% power purchase through long term PPA	2
	Between 85% to 90% power purchase through long term PPA	1
<b>b</b>	<b>Cost Competitiveness of Power Purchase</b>	<b>4</b>
	{ACP in FY(T -2) – ACP in FY(T -1)}/{ ACP in FY(T -2)-Benchmark ACP} Where, ACP= Average Cost of Power Purchase, Benchmark ACP= Rs 4/unit, T = Rating Exercise Year, T-1=Rating Evaluation Year	
	If the above ratio >=1	4
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio <=0	0
	<p><b>Notes:</b> *In all cases where ACP in FY T-1&lt;=Rs. 4/unit, full marks awarded regardless of any improvement or deterioration vis-à-vis the previous year</p> <p>**In all cases except * above, any deterioration in ACP in FY T-1 vis-à-vis the previous year, zero marks are awarded</p> <p>***In all cases except * and ** above, marks awarded as per formula</p> <p>@ wherever power purchases are managed centrally, ACP of the centralized purchases would be evaluated and applicable marks be assigned uniformly to the respective state utilities</p>	
<b>iii)</b>	<b>Cost Efficiency</b>	<b>6</b>
<b>a</b>	<b>O&amp;M &amp; Adm. costs (Excl. Employee cost) / Revenue (Sale of Power+Revenue subsidy)</b>	<b>3</b>
	Between 1% to 2%	3
	Between 2% to 3%	2
	Between 3% to 4%	1
	More than 4%	0
<b>b</b>	<b>Employee cost / Revenue (Sale of Power+Revenue subsidy)</b>	<b>3</b>
	<i>For Discoms</i>	
	Between 0% to 5%	3
	Between 5% to 7.5%	2
	Between 7.5% to 10%	1
	More than 10%	0
	<i>For Gedcos</i>	
	Between 0% to 7%	3
	Between 7% to 9%	2
	Between 9% to 12%	1
	More than 12%	0



S.No.	Parameters	Score
<b>1.</b>	<b>Operational &amp; Reform Parameters</b>	<b>47</b>
<b>I.</b>	<b>Operational related</b>	<b>43</b>
<b>iv)</b>	<b>Public Interface / Quality of Service (limited to 3 marks)</b>	<b>3</b>
a	Anti-theft measures – Establishment & Operationalization of Special Courts	1
b	Establishment of Call Center and Dedicated IT Cell headed at the level of GM /Director	1
c	E-payment facility	1
d	Release of new connection within SERC stipulated time limits (sourced from latest available R-APDRP report)	1
e	Consumer metering (if more than > 90%)	1
<b>II.</b>	<b>Reform related</b>	<b>4</b>
<b>v)</b>	<b>Achievement of target set under DDUGJY scheme</b> (Suitable benchmarks to be adopted based on REC reports for defined in year 'T' i.e. Rating exercise year )	<b>2</b>
	Hours of supply per day in rural area	1
	Village electrification (against target)	1
	<i>Note : Wherever not applicable, these marks will be re-allocated to AT&amp;C Loss parameter</i>	
<b>vi)</b>	<b>RPO Compliance</b>	<b>2</b>
	If target achieved for RPO (sourced from SERC/MNRE/Utilities)	2
	*If target partially achieved	Proportionate



S.No.	Parameters	Score
<b>2.</b>	<b>External Parameters</b>	<b>20</b>
<b>I.</b>	<b>Regulatory</b>	<b>12</b>
<b>i)</b>	<b>Regulatory Environment</b>	<b>10</b>
<b>a</b>	<b>Tariff Filing / Tariff Order</b>	<b>10</b>
i	Tariff Petition Filed for next financial year (As on 30th November)	2
	MYT Petition filed for year FY (T+1)	1
ii	Non-filing of Tariff petition / Non-issuance of Tariff Order	
	No tariff petition / order for current year	-1
	No tariff petition / order for last two years	-3
	No tariff petition / order for last three years	-5
iii	Tariff Order Issued as per regulations - Tariff Order for Current Financial Year	3
iv	True-up order for year, prior to previous year issued on basis of audited accounts	2
	If there is no True-up order	-1
v	Return on Equity	
	Return on equity – CERC / F.O.R. norms followed 100%	2
	Return on equity – CERC / F.O.R. norms followed partially	1
	Return on equity – CERC / F.O.R. norms not followed	-1
vi	Untreated Revenue Gap in the ARR order	-5
<b>b</b>	<b>Regulatory Asset</b>	<b>0</b>
	If Regulatory Asset not created or if created carrying cost has been allowed by Regulator	0
	If carrying cost is not allowed by Regulator	-2
	If regulatory asset carried for more than 3 years	-3
<b>ii)</b>	<b>Auto. Pass through of FC (Implementation)</b>	<b>2</b>
	If implemented	2
	If not implemented	-1
<b>iii)</b>	<b>Transco (State Transmission Utility) is not formed</b>	<b>0</b>
	Transco (State Transmission Utility) is not formed	-3





S.No.	Parameters	Score
<b>2.</b>	<b>External Parameters</b>	<b>20</b>
<b>II.</b>	<b>Govt. Support</b>	<b>8</b>
<b>i)</b>	<b>Tariff Subsidy Support</b>	<b>4</b>
<b>A)</b>	<b>Advance payment of Subsidy</b>	
	If advance payment made as per direction of regulator	4
	If advance payment made in a periodic manner i.e. monthly / quarterly as per directions of regulator	4
	Where the utility's consumer profile does not include any subsidized category and hence subsidy not reflected in utility's books of accounts and if the utility has registered positive PAT during the relevant period	4
<b>B)</b>	<b>Where Subsidy not paid in advance</b>	
	Entire subsidy is released by Govt. within the end of the first quarter of the subsequent year.	3
	Only part of the subsidy is released by Govt. within the end of the first quarter of the subsequent year	Proportionate
<i>Note : In the absence of specific direction on subsidy payment by SERC, the subsidy booked in the accounts would form the basis for evaluation of this parameter</i>		
<b>ii)</b>	<b>Estimation of subsidy requirement (as per any of the following methods)</b>	<b>4</b>
	SERC norms	
	Random sampling	
	Feeder metering on segregation of feeders	

S.No.	Parameters	Score
<b>3.</b>	<b>Financial Parameters</b>	<b>33</b>
<b>I.</b>	<b>Ratios</b>	<b>15</b>
<b>a</b>	<b>Cost Coverage Ratio</b>	<b>15</b>
	<b>Marks for absolute levels</b>	
	Equal to or more than 1.01	15
	Less than 1.01 upto 0.86	Proportionate
	Equal to 0.86	0
	<b>Marks for Improvement</b>	
	$\frac{\{CCR \text{ in FY}(T-1) - CCR \text{ in FY}(T-2)\}}{\{ \text{Benchmark CCR} - CCR \text{ in F}(T-2)\}}$ Where, CCR = Cost Coverage Ratio, Benchmark CCR = 0.93, T = Rating Exercise Year, T-1=Rating Evaluation Year	
	If the above ratio $\geq 1$	7
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio $\leq 0$	0
	<i>Note : Higher of the two marks (either Absolute Marks or Marks for Improvement ) shall be assigned</i>	
<b>II.</b>	<b>Sustainability</b>	<b>6</b>
<b>a</b>	<b>CAGR of total revenue on realized basis vs. CAGR of total expenditure over 3 years</b>	<b>2</b>
	<b>% Difference (CAGR Growth of Revenue – CAGR Growth of Expenditure)</b>	
	+3 to -3 (%)	2 to 0
	<i>(1% decrease in difference leads to reduction by 1/3 mark)</i>	
<b>b</b>	<b>Fixed Assets to Total Debt Ratio</b>	<b>4</b>
	If Ratio is equal to 80% and above	4
	If Ratio is less than 80% but more than 60%	Proportionate
	If Ratio is less than or equal to 60%	0
<b>III</b>	<b>Receivables</b>	<b>4</b>
	< =60 days	4
	Between 60 and 90 days	Proportionate
	=90 days	2
	Between 90 and 120	Proportionate
	$\geq 120$	0
<b>IV</b>	<b>Payables</b>	<b>3</b>
	< =60 days	3
	Between 60 and 90 days	Proportionate
	= 90 days	0



S.No.	Parameters	Score
<b>3.</b>	<b>Financial Parameters</b>	<b>33</b>
<b>V</b>	<b>Audited Accounts</b>	<b>5</b>
	<b>Availability of Audited Annual Accounts (Statutory Audit)</b>	
	FY (T-1) (2014-15) Audited accounts made available by;	
	30th September of FY(T) (2015-16)	5
	31st October of FY(T) (2015-16)	4
	30th November of FY(T) (2015-16)	3
	31st December of FY(T) (2015-16)	2
	31st January of FY(T) (2015-16)	1
	FY (T-1) (2014-15) Audited accounts made available after 31st January of FY(T) (2015-16) / not available beyond 31st January of FY(T) (2015-16)	-6
	FY (T-2) (2013-14) Audited accounts made available after 6 months of FY (T-1) (2014-15) i.e. beyond 30th September of FY(T) (2015-16)	-9
	FY (T-2) (2013-14) Audited accounts made available after 9 months of FY (T-1) (2014-15) i.e. beyond 31st December of FY(T) (2015-16) / not available beyond 31st December of FY(T) (2015-16)	-12
<p><i>Note1: Where latest audited accounts (i.e. FY (T-1)) have been made available, then marks assigned for the same shall be the final marks considered for the parameter (irrespective of any negative marks that may be applicable for late submission of previous years accounts)</i></p> <p><i>Note 2: Where latest audited accounts (i.e. FY (T-1)) have not been made available then the marks assignable w.r.t. earliest year for which audited accounts are not available shall be the final marks to be awarded (irrespective of negative marks that may apply for subsequent years also i.e. negative marks are not additive)</i></p>		
<b>VI</b>	<b>Audit Qualifications</b>	<b>0</b>
	Non-provision / payment of Employee related liabilities / Statutory dues in the accounts.	-1
<b>VII</b>	<b>Default to Banks / FIs</b>	
	in FY (T-1) year	-1
	in both FY (T-1) & FY (T-2)	-2



4. All State Distribution Utilities would be required to furnish requisite inputs on year to year basis along with relevant documents like Audited Annual Accounts, ARR submitted to SERC, SERC orders, Business Plan, State Budgetary Plan, State Govt orders/notifications, Subsidy release particulars etc.

**Miscellaneous Note:**

Following financial ratios though not considered for rating purposes, would however be reflected in the rating report as part of the financial profile of the utility.

S.NO.	Financial Ratios
1	Interest Coverage Ratio
2	Debt Equity Ratio

Where;

➤ Interest Coverage Ratio =  $\frac{(PAT + Depreciation, Amortisation + Interest charged to operation)}{Interest\ charged\ to\ operation}$

➤ Debt Equity Ratio =  $\frac{Total\ Borrowings}{Total\ Network}$

Total Borrowings = Long term debt + Short term Debt

Total Network = Equity + Reserves + Accumulated Profits, Losses – Miscellaneous expenses not written

□□□





सत्यमेव जयते

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**Government of India**  
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