सत्यमेव जयते

Ministry of Power

Government of India

Ranking & Ninth Annual Integrated Rating: State Distribution Utilities

JULY, 2021

Ranking & Ninth Annual Integrated Rating of State Power Distribution Utilities as per the Framework approved by Ministry of Power

Submitted by :

ICRA Analytics Limited

and

CARE Advisory Research & Training Limited

July 2021

आर. के. सिंह
R. K. SINGH

सत्यमेव जयते

विद्युत मंत्री एवं
नवीन और नवीकरणीय ऊर्जा मंत्री
भारत सरकार
Minister of Power and
Minister of New & Renewable Energy
Government of India

Message

Power is a crucial component of infrastructure development, affecting economic growth, national competitiveness and the welfare of the country. The Indian power sector has taken giant strides in the last few years on many fronts such as augmentation of generation and transmission capacities, strengthening of rural & urban electricity infrastructure including village & household electrification and providing thrust to development of renewable power.

Government of India have instituted several flagship programs to create an efficient, resilient and financially robust power sector which would promote investment, growth and employment in India. All villages have been connected to the distribution network and electrification of all households has been completed in all States. As a result of the above steps a recent survey has shown that the availability of power in rural areas across the country has gone up from 12 hours in 2015 to 20 hours today, and in the urban areas it has gone up from 18 hours to 23/24 hours. India has transformed itself from a power deficit country to an exporter of power. We have achieved the target of One Nation-One Grid- One Frequency with the addition of Transmission Lines of 1.52 lakh ckm. Going beyond infrastructure creation and bridging supply side gaps, the Government has also focussed on consumer empowerment. The recently notified "Electricity (Rights of Consumers) Rules, 2020" is a step in this direction. This major initiative will put consumer at the centre-stage, and is an important step towards improving Ease of Living and Ease of Doing Business across the country.

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सत्यमेव जयते

A strong and efficient power distribution sector is the key to the performance and viability of the power sector. The State Power Sector entities play a pivotal role in power distribution in India. Govt. of India is supporting States for strengthening the Distribution system necessary for providing 24x7 power supply to all households through DDUGJY & IPDS. In what was the biggest programme in the world for expanding access to electricity, we have electrified 28 Million households in a short time-frame under our Saubhagya Programme. As a part of 'Atma Nirbhar Bharat Abhiyan', GoI is supporting the power sector through liquidity infusion to enable the sector to maintain power supplies, in the challenging aftermath of pandemic. A Reforms-based and Results-linked, Revamped Distribution Sector Scheme has recently been approved by the Cabinet Committee on Economic Affairs with an aim to improve the operational efficiencies and financial sustainability of all State DISCOMs/ Power Department. The Scheme envisages providing financial assistance to DISCOMs for strengthening and modernizing the supply infrastructure. States may access funds under the scheme for strengthening their Distribution systems. Where the Distribution Companies are in losses, the States will be able to draw funds under the scheme only if they institute measures to reduce these losses. Therefore, the funding is reforms linked. There has already been improvement in the performance of DISCOMs. This scheme will take the improvements further.

I am happy that the Ninth Annual Integrated Rating exercise covering 41 State Power Distribution Utilities for the rating period FY 2019-20 has been completed with the enthusiastic participation of all the utilities. I congratulate all stakeholders, especially the state distribution utilities for their active role and support in successfully completing the Ninth Annual Integrated rating exercise despite the ongoing pandemic. The Indian Power sector will benefit from a fair and accurate assessment of the true position of the distribution sector and which in turn will help in assessing and improving its performance. This will also assist State Governments, lending institutions and other stakeholders to take important decisions.

(R.K.Singh)

कृष्ण पाल गुर्जर
KRISHAN PAL GURJAR

सत्यमेव जयते

केंद्रीय राज्य मंत्री,
भारी उद्योग और ऊर्जा मंत्रालय
भारत सरकार, नई दिल्ली
UNION MINISTER OF STATE FOR
HEAVY INDUSTRIES AND POWER
GOVERNMENT OF INDIA, NEW DELHI

संदेश

कृषि, औद्योगिक और अन्य क्षेत्रों के साथ-साथ अर्थव्यवस्था के सभी क्षेत्रों का विकास सुनिश्चित करने के लिए एक दक्ष, सुदृढ़ और वित्तीय रूप से संधारणीय विद्युत क्षेत्र आवश्यक है। भारत सरकार सभी घरों, उद्योगों और अन्य विद्युत उपभोग करने वाली संस्थाओं को गुणवत्ता और विश्वसनीय विद्युत की निर्बाध आपूर्ति के साथ ही कृषि क्षेत्र को पर्याप्त विद्युत आपूर्ति करने के लिए प्रतिबद्ध है।

यद्यपि देश में विद्युत उत्पादन और पारेषण क्षेत्रों में उल्लेखनीय सुधार हुआ है, राज्य विद्युत संस्थाओं (यूटिलिटीज) के प्रभुत्व वाले वितरण क्षेत्र में वांछित परिणाम प्राप्त करने के लिए इस पर और ध्यान देने और निरंतर मॉनीटरिंग की आवश्यकता है।

भारत सरकार ने विद्युत क्षेत्र में आत्मनिर्भर भारत अभियान के तहत 1.25 लाख करोड़ रुपये की लिक्विडिटी इन्फ्यूज़न योजना की घोषणा की। इस योजना के तहत बिजली क्षेत्र के लिए कोविड-19 महामारी के कठिन समय में बिजली उत्पादन कंपनियों / बिजली वितरण कंपनियों द्वारा आपूर्ति की गई बिजली के वितरण को बनाए रखने के लिए डिस्कॉम्स के बोझ को कम किया।

इन्हीं सुधारों की कड़ी में भारत सरकार ने 3.03 लाख करोड़ रुपये की सुधार-आधारित और परिणाम-से जुड़ी, पुनॅत्थान वितरण क्षेत्र योजना को स्वीकृति दे दी है। इस योजना का उद्देश्य बिजली आपूर्ति बुनियादी ढांचे को मजबूत करने के लिए राज्य डिस्कॉम्स को सशर्त वित्तीय सहायता प्रदान करते हुए उनकी परिचालन क्षमता और वित्तीय स्थिरता में सुधार करना है। यह सहायता पूर्व-योग्यता मानदंडों को पूरा करने के साथ-साथ वित्तीय सुधारों से जुड़े निर्धारित मूल्यांकन ढांचे के आधार पर डिस्कॉम्स द्वारा बुनियादी स्तर पर न्यूनतम मानकों की उपलब्धि हासिल करने पर आधारित होगी।

मैं आशा करता हूँ कि भारत सरकार की उपरोक्त योजनाओं से राज्य वितरण क्षेत्र में सकारात्मक प्रभाव पड़ेगा और सुधार कार्यक्रम को गति मिलेगी।

वितरण क्षेत्र वास्तव में विद्युत क्षेत्र की मूल्य श्रृंखला में एक महत्वपूर्ण कड़ी है क्योंकि यह अंतिम उपभोक्ताओं को सेवा प्रदान करता है और इस क्षेत्र को बनाए रखने के लिए समग्र राजस्व के लिए जिम्मेदार है। राज्य विद्युत वितरण संस्थाओं (यूटिलिटीज) का समग्र कार्य-निष्पादन विविध कारकों के परिणामस्वरूप चिंता का विषय है। इसे प्राप्त करने के लिए सभी सम्बंधित पक्षधारको द्वारा समन्वित प्रयास आवश्यक हैं और एकीकृत रेटिंग और रैंकिंग उस दिशा में किए गए प्रमुख प्रयासों में से एक है।

मुझे यह जानकर खुशी है कि विद्युत मंत्रालय द्वारा तैयार की गई एकीकृत रेटिंग कार्यप्रणाली के तहत राज्य विद्युत वितरण संस्थाओं (यूटिलिटीज) की रैंकिंग और नौवीं वार्षिक रेटिंग का कार्य पूर्ण हो चुका है।

राज्य विद्युत वितरण संस्थाओं (यूटिलिटीज) की रैंकिंग और रेटिंग से कार्य-निष्पादन के वास्तविक मूल्यांकन में सुविधा होगी और वितरण संस्थाओं (यूटिलिटीज) की प्रचालन संबंधी और वित्तीय दक्षता में सुधार करने में मदद मिलेगी। इस कार्यप्रणाली में उपयोग किए गए पैरामीटर और उनके मापदंड, विद्युत संस्थाओं (यूटिलिटीज) की स्वयं की तुलना करने और कार्य-निष्पादन को बेहतर बनाने और इसे बनाए रखने के लिए लक्ष्य निर्धारित करने के लिए दिशानिर्देश के रूप में काम करते हैं। रैंकिंग और रेटिंग से बैंकों और वित्तीय संस्थाओं को इन विद्युत संस्थाओं (यूटिलिटीज) का वित्तपोषण करते समय एक सुसंगत एवं अनुकूल दृष्टिकोण अपनाने में मदद मिलेगी।

मैं राज्य विद्युत वितरण विद्युत संस्थाओं (यूटिलिटीज) की रैंकिंग और नौवीं एकीकृत रेटिंग के कार्य को सफलतापूर्वक पूरा करने में सक्रिय भूमिका और समर्थन के लिए विद्युत मंत्रालय, राज्य विद्युत वितरण (यूटिलिटीज), पीएफसी और आरईसी के अधिकारियों को बधाई देता हूं।

(कृष्ण पाल गुर्जर)

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July 15, 2021

Message

Power sector plays a vital role in the economic development of the country. Although the sector has undergone a transformational change in power generation and transmission, there is a need for strengthening of sub-transmission and distribution in the Distribution Utilities wherein States have to play a major role.

Government of India has implemented various schemes like IPDS, Saubhagya, DDUGJY, UDAY, etc. for overall development and improvement of the distribution sector. For improving health of the State Distribution utilities in the country, the Central Government has also offered financial packages to the Discoms from time to time in the past.

Although several reforms have been undertaken, turnaround of the power sector did not happen as anticipated as the envisaged interventions did not take place at the desired pace. In order to enhance the financial sustainability and operational efficiency of the Discoms, Government of India has approved a Reforms-based and Results-linked, Revamped Distribution Sector Scheme worth Rs. 3.03 trillion to enable the Discoms to reform, perform and transform into modern Discoms. The scheme will provide financial assistance to strengthen the infrastructure of Discoms which will be linked to meeting pre-qualifying criteria and upon achievement of minimum benchmarks under annual evaluation framework.

Ministry of Power had formulated the Integrated Rating Methodology in July 2012 to enable annual assessment of state power distribution utilities' performance on a wide range of parameters. It also undertakes a periodic review of the Integrated Rating Methodology from time to time for bringing about improvements based on the suggestions received from utilities and other stakeholders and also keeping in view various developments in the sector.

RIGHT TO INFORMATION

स्वच्छ भारत
एक कदम स्वच्छता की ओर

It is important that due tariff subsidy and pending government dues are realized timely as lack of it causes an adverse impact on the AT&C loss levels and viability of the Discoms. I am happy to note that the importance of AT&C losses and payment of Government dues and due subsidy have been recognized and due weightage has been assigned in the current Integrated Rating Methodology.

It is a matter of great satisfaction that Ninth Annual Integrated Rating exercise covering 41 State Power Distribution Utilities for the rating period FY 2019-20 has been completed despite challenges faced during ongoing pandemic, with the active co-operation and support of all the utilities. I am sure that the valuable data incorporated in the Ninth Annual Integrated Rating exercise would provide deeper insights on the performance against various technical as well as financial parameters and assist the management of the utilities to achieve higher operational efficiency and financial self-sustainability.

In line with the on-going initiatives, an exercise for comprehensive review of the existing Integrated Rating framework has also been initiated. I am sure that the proposed Discoms Consumer Service Rating and the 10th edition of Integrated Rating of Discoms shall contribute a great deal in the overall reform of the power sector especially the Discoms which are at the foundation of the power sector value chain.

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

(Alok Kumar)

Table of Contents

Section I

Background, Utilities Covered and Scoring Methodology

BACKGROUND

Ministry of Power had 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 carried out on annual basis and presently 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, eight integrated rating exercises covering FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018 and FY 2019 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, the fourth in June 2016, the fifth in May 2017, the sixth in July 2018, seventh in October 2019 and the last i.e. eighth integrated ratings were declared by MoP on 9th December 2020..

The Integrated Rating Methodology is reviewed by MoP periodically. A review of rating methodology was taken up by MoP and based on the review, certain modifications providing for revised benchmark for power purchase cost and incorporation of corporate governance, interest coverage ratio, Total Debt to Net Worth and Extent of Subsidy realisation parameters were approved by MOP in May 2021 and July 2021. The Ninth Integrated Ratings, covering the rating year FY 2020, have been carried out under the revised integrated rating methodology. The Rankings and Ninth Integrated Ratings of the State Distribution utilities have been carried out by ICRA Analytics Limited (ICRA) & CARE Advisory Research & Training Limited (CARE), the consulting arms of ICRA Ratings and CARE Ratings respectively in view of the recent SEBI directions.

UTILITIES COVERED BY ICRA & CARE

S.No.	Names of Distribution Utilities
	Utilities graded by ICRA
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
	Utilities graded by CARE
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 Vitran 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
1	**OPERATIONAL & REFORM Parameters**	**43**
I)	**Operational related**	
i)	AT&C Losses	28,-4
ii)	Power purchase	3
iii)	Cost Efficiency	6
II)	**Reform related**	
iv)	RPO Compliance	2
v)	Corporate Governance	4
2	**EXTERNAL Parameters**	**15**
I)	Regulatory	11,-19
II)	Govt. Support	4
3	**FINANCIAL Parameters**	**42**
I)	Ratios	
a	Cost Coverage Ratio	15
b	Interest Coverage Ratio	4
c	Total Debt to Net Worth	3, -2
II)	Sustainability	6
III)	Receivables	5
IV)	Payables	4
V)	Audited Accounts	5,-12
VI)	Audit Qualifications	0,-1
VII)	Default to Banks / FIs	0,-2
	Total	**100**

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, Corporate Governance, etc. carry weightage of 43%. The financial parameters viz. cost coverage ratio, payables, receivables, timely submission of audited accounts, etc. carry weightage of 42%. External parameters relating to regulatory environment, State Govt. subsidy support, etc. have been assigned weightage of 15%.

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 May 2021 and July 2021. The Integrated Rating Methodology incorporating these modifications is given in Appendix. The modifications provide for revised benchmark for power purchase cost and incorporation of corporate governance, interest coverage ratio, Total Debt to Net Worth and Extent of Subsidy realisation 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 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.

Section II

Grading Scale & Utility-wise Rank & Grade

GRADING SCALE AND GRADES

Score Distribution	Grade	No. of Utilities	Grading Definition
Between 80 and 100	A+	5	Very High Operational and Financial Performance Capability
Between 65 and 80	A	3	High Operational and Financial Performance Capability
Between 50 and 65	B+	10	Moderate Operational and Financial Performance Capability
Between 35 and 50	B	6	Below Average Operational and Financial Performance Capability
Between 20 and 35	C+	9	Low Operational and Financial Performance Capability
Between 0 and 20	C	8	Very Low Operational and Financial Performance Capability

The grading scale of **'A+ to C'** adopted under MOP Integrated Rating Methodology is ***different*** from the normal rating scale adopted by Credit Rating Agencies **(AAA to D)** for credit rating purposes as the credit rating measures the degree of safety regarding timely servicing of financial obligations based on "probability of default"; *however*, integrated rating reflects the operational and financial health of the distribution entities based on the rating framework approved by Ministry of Power. Further, normal credit rating assigned by CRAs 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 RANK & GRADE

Rank	Name of Utility	State	Rating Agency	9th IR Grade (FY 2020)
1	Uttar Gujarat Vij Company Limited	Gujarat	ICRA	A+
2	Madhya Gujarat Vij Company Limited	Gujarat	ICRA	A+
3	Dakshin Gujarat Vij Company Limited	Gujarat	ICRA	A+
4	Paschim Gujarat Vij Company Limited	Gujarat	ICRA	A+
5	Dakshin Haryana Bijli Vitran Nigam Limited	Haryana	CARE	A+
6	Uttar Haryana Bijli Vitran Nigam Limited	Haryana	CARE	A
7	Punjab State Power Corporation Limited	Punjab	ICRA	A
8	Maharashtra State Electricity Distribution Company Ltd	Maharashtra	ICRA	A
9	Mangalore Electricity Supply Company Limited	Karnataka	ICRA	B+
10	Madhya Pradesh Pash. Kshetra Vidyut Vitaran Co Ltd.	Madhya Pradesh	CARE	B+
11	Hubli Electricity Supply Company Limited	Karnataka	ICRA	B+
12	Himachal Pradesh State Electricity Board Limited	Himachal Pradesh	CARE	B+
13	Uttarakhand Power Corporation Limited	Uttarakhand	CARE	B+
14	Kerala State Electricity Board Limited	Kerala	CARE	B+
15	Bangalore Electricity Supply Company Limited	Karnataka	ICRA	B+
16	Gulbarga Electricity Supply Company Limited	Karnataka	ICRA	B+
17	West Bengal State Electricity Distribution Company Ltd	West Bengal	ICRA	B+
18	Paschimanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	B+
19	Southern Power Distribution Company of AP Limited	Andhra Pradesh	CARE	B
20	Chamundeshwari Electricity Supply Corporation Ltd.	Karnataka	ICRA	B
21	North Bihar Power Distribution Co. Ltd.	Bihar	ICRA	B
22	Kanpur Electricity Supply Company Limited	Uttar Pradesh	ICRA	B
23	Southern Power Distribution Company of Telangana Limited	Telangana	CARE	B
24	Madhyanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	ICRA	B
25	South Bihar Power Distribution Co. Ltd.	Bihar	ICRA	C+
26	Ajmer Vidyut Vitran Nigam Limited	Rajasthan	CARE	C+
27	Purvanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	C+
28	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co Ltd	Madhya Pradesh	CARE	C+
29	Dakshinanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	ICRA	C+
30	Chhattisgarh State Power Distribution Company Ltd.	Chhattisgarh	CARE	C+
31	Madhya Pradesh Madhya Kshetra Vidyut Vitran Co Ltd	Madhya Pradesh	CARE	C+
32	Assam Power Distribution Company Limited	Assam	ICRA	C+
33	Northern Power Distribution Company of Telangana Limited	Telangana	CARE	C+
34	Eastern Power Distribution Company of AP Limited	Andhra Pradesh	CARE	C
35	Jaipur Vidyut Vitran Nigam Limited	Rajasthan	CARE	C
36	Meghalaya Power Distribution Corporation Limited	Meghalaya	CARE	C
37	Jharkhand Bijli Vitran Nigam Limited	Jharkhand	CARE	C
38	Manipur State Power Distribution Company Limited	Manipur	CARE	C
39	Tripura State Electricity Corporation Limited	Tripura	CARE	C
40	Tamil Nadu Generation and Distribution Corporation	TamilNadu	ICRA	C
41	Jodhpur Vidyut Vitran Nigam Limited	Rajasthan	CARE	C

Section III
Utility Rating Summary (region-wise)
Index

DAKSHIN HARYANA BIJLI VITRAN NIGAM LIMITED

A+

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 3.58 million consumers including domestic, commercial, industrial, agricultural and others in FY 2020. As on March 31, 2020, the Government of Haryana (GoH) held 96.78% of shares of DHBVNL while the balance 3.21% stake is held by Haryana Vidyut Prasaran Nigam Limited (HVPNL).

Key Strengths

- Relatively low AT&C loss at 16.37% in FY 2020
- Healthy cost coverage of 1.02x in FY 2020
- Conducive regulatory environment with issue of tariff order and true-up order
- Satisfactory interest coverage ratio at 2.06x in FY 2020
- Low receivable and payable days at 49 days each in FY 2020
- Reduction in debt and decrease in interest cost in FY 2020
- Timely payment of subsidy by the State Government

Key Concerns

- High power purchase cost at ₹ 4.95 per unit in FY 2020 (PY: ₹ 4.93 per unit)
- Low billing efficiency of 85.63% in FY 2020 though improved from 84.66% in FY 2019

Key Actionables

- Maintain low AT&C losses and sustenance of high collection efficiency
- Billing efficiency to be improved through various administrative and technical measures
- Reduction in power purchase cost

UTTAR HARYANA BIJLI VITRAN NIGAM LIMITED

A

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, Sonepat, Rohtak, Panipat, Jhajjar and Kaithal circles. UHBVNL catered to around 3.10 million consumers including domestic, commercial, industrial, agricultural and others in FY 2020. As on March 31, 2020, the Government of Haryana (GoH) held 96% of the shares of UHBVNL while the remaining shares are held by Haryana Vidyut Prasaran Nigam Limited (HVPNL).

Key Strengths

- Healthy cost coverage of 1.02x in FY 2020
- Healthy collection efficiency of 97.98% in FY 2020
- Timely issue of tariff order, true-up order and filing of tariff petition
- Timely payment of subsidy by the State Government
- Reduction in debt levels and decrease in interest cost in FY 2020
- Low receivable & payable days at 18 days & 46 days respectively in FY 2020

Key Concerns

- Low billing efficiency of 80.99% in FY 2020 though it improved from 77.96% in FY 2019
- High power purchase cost at ₹ 4.99 per unit in FY 2020 (PY: ₹ 5.05 per unit)

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
- Reduction in power purchase cost

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

B+

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

- Relatively low AT&C losses of 11.68% in FY 2020
- Satisfactory cost coverage of 1.0x in FY 2020
- Relatively low cost of power procurement
- Low collection period of 33 days in FY 2020
- Timely filing of tariff petition for FY 2022; Tariff order issued for FY 2021

Key Concerns

- Audited financials for FY 2020 and FY 2019 not available
- High payables period of 89 days in FY 2020
- High employee cost at 26.90% of total revenue in FY 2020
- Non-receipt of revenue subsidy in a timely manner
- Non-issuance of true-up order

Key Actionables

- Better management of creditors to reduce the creditor days
- Timely preparation of audited accounts
- Rationalization of employee expenses for improving cost efficiency

PUNJAB STATE POWER CORPORATION LIMITED

A

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 at 14.18% in FY 2020
- Low receivable and payable days
- Tariff order issued for FY 2021; True-up completed for FY 2019, Petition filed for FY 2022

Key Concerns

- Absolute subsidy dependence for the state remains high, given the subsidized nature of tariff particularly towards agriculture consumers; coupled with delay in receipt of subsidy
- High cost of power purchase
- Low cost efficiency on account of high employee costs

Key Actionables

- Maintain low AT&C losses through improvement in billing efficiency and collection efficiency
- Improvement in cost coverage through rationalization of power & fuel and employee cost
- Reduction in power purchase cost

AJMER VIDYUT VITRAN NIGAM LIMITED

C+

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

- Satisfactory cost efficiency parameters in terms of O&M/Admin costs
- Satisfactory collection period of 19 days in FY 2020

Key Concerns

- High AT & C losses of 22.07% during FY 2020; albeit improved as compared to 23.21% during FY 2019
- Cost coverage ratio remained low at 0.89x during FY 2020; albeit improved as compared to 0.78x during FY 2019
- High payable days at 216 days in FY 2020
- Non-filing of tariff petition for FY 2022; non-availability of tariff order for FY 2021
- Non-receipt of subsidy in timely manner

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
- Timely submission of tariff petitions and issuance of tariff order by SERC
- Timely receipt of subsidy from the State Government

JODHPUR VIDYUT VITRAN NIGAM LIMITED

C

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

- Satisfactory cost efficiency parameters in terms of O&M/Admin and employee costs
- Implementation of automatic pass through of fuel cost

Key Concerns

- High AT&C Loss at 37.88% in FY 2020 which has deteriorated from 35.12% during FY 2019
- Low billing efficiency of 80.62% in FY 2020 (PY: 76.88%)
- Low cost coverage ratio of 0.64x in FY 2020 (PY: 0.70x)
- High payable days at 304 days in FY 2020 (PY: 272 days)
- Non-filing of tariff petition for FY 2022; non-availability of tariff order for FY 2021
- Non-receipt of subsidy in timely manner

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
- Timely submission of tariff petitions and issuance of tariff order by SERC
- Timely receipt of subsidy from the State Government

JAIPUR VIDYUT VITRAN NIGAM LIMITED

C

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

- Satisfactory cost efficiency parameters in terms of O&M/Admin costs
- Moderate collection period at 60 days in FY2020

Key Concerns

- High AT&C losses of 27.32% in FY 2020 (PY: 25.84%) with deterioration in collection efficiency
- Low billing efficiency of 82.79% in FY 2020 (PY: 79.46%)
- Low cost coverage ratio of 0.78x in FY 2020 (PY: 0.80x)
- High payable days at 231 days in FY 2020 (PY: 207 days)
- Non-filing of tariff petition for FY 2022; non-availability of tariff order for FY 2021
- Untreated revenue gap in tariff order
- Non-receipt of subsidy in timely manner

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
- Timely submission of tariff petitions and issuance of tariff order by SERC
- Timely receipt of subsidy from the State Government

UTTARAKHAND POWER CORPORATION LIMITED

B+

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

- Adoption of MYT, timely filing of tariff petition & issue of tariff order & true-up order
- Lower power purchase cost of ₹ 4.48 per unit in FY 2020 (PY: ₹ 4.26 per unit)
- Low receivables of 53 days in FY 2020 (PY: 28 days)
- High Fixed Assets to Total Debt Ratio in FY 2020

Key Concerns

- Low billing efficiency of 86.60% in FY 2020 though improved from previous year
- Moderate O&M and employee costs
- High payable days of 82 days in FY 2020
- Decline in cost coverage to 0.89x in FY 2020 from 0.91x in FY 2019
- Negative interest coverage ratio in FY 2020

Key Actionables

- Improvement in Billing Efficiency
- Reduction in AT&C losses and sustenance of high collection efficiency
- Better management of creditors
- Improvement in Cost coverage

KANPUR ELECTRICITY SUPPLY COMPANY LIMITED

B

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 levels near benchmark levels at 15.46% in FY 2020
- Employee cost efficiency within benchmark levels
- Tariff order for FY 2021 and True-up order for FY 2019 issued

Key Concerns

- Weak Cost coverage of 0.85x in FY 2020
- Weak Interest coverage of (-)0.16x in FY 2020
- Weak financial profile as reflected in sustained losses & negative networth
- High power purchase cost at ₹ 5.19 per unit in FY 2020
- Significantly stretched receivable and payable days

Key Actionables

- Improvement in AT&C loss levels
- Improvement in cost coverage through rationalization of power & fuel and O&M costs
- Reduction in receivable and payable days
- Improvement in overall financial position

PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED

B+

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

- Subsidy booked was received during the year
- Employee cost efficiency within benchmark levels
- Improved performance in cost coverage & AT&C loss parameters
- Tariff order for FY 2021 and True-up order for FY 2019 issued

Key Concerns

- Low Cost coverage of 0.92x in FY 2020
- Weak Interest coverage of 0.31x in FY 2020
- Weak financial profile as reflected in sustained losses & negative networth
- High level of AT&C losses at 18.64% in FY 2020 due to poor billing efficiency
- High power purchase cost at ₹ 5.19 per unit in FY 2020
- Stretched receivable days

Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization and reduction in power purchase and O&M costs
- Reduction in receivable days
- Improvement in overall financial position

MADHYANCHAL VIDYUT VITRAN NIGAM LIMITED

B

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

- Subsidy booked was received during the year
- Employee cost efficiency within benchmark levels
- Improved performance in AT&C loss parameter
- Tariff order for FY 2021 and True-up order for FY 2019 issued

Key Concerns

- High level of AT&C loss at 34.14% in FY 2020 due to poor billing and collection efficiency
- Weak Cost coverage of 0.76x in FY 2020
- Weak Interest coverage of 0.67x in FY 2020
- Weak financial profile as reflected in sustained net losses
- High power purchase cost at ₹ 5.19 per unit in FY 2020
- Significantly stretched receivable and payable days

Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization and reduction in power purchase and O&M costs
- Improvement in receivable and payable days
- Improvement in overall financial position

Purvanchal Vidyut Vitran Nigam Limited

C+

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

- Subsidy booked was received during the year
- Employee cost efficiency within benchmark levels
- Tariff order for FY 2021 and True-up order for FY 2019 issued

Key Concerns

- High level of AT&C loss at 34.24% in FY 2020 due to poor billing and collection efficiency
- Weak Cost coverage of 0.75x in FY 2020
- Weak Interest coverage of 0.41x in FY 2020
- Weak financial profile as reflected in sustained net losses & negative networth
- High power purchase cost at ₹ 5.19 per unit in FY 2020
- Significantly stretched receivable and payable days

Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization and reduction in power purchase and O&M costs
- Improvement in receivable and payable days
- Improvement in overall financial position

DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED

C+

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

- Subsidy booked was received during the year
- Employee cost efficiency within benchmark levels
- Tariff order for FY 2021 and True-up order for FY 2019 issued

Key Concerns

- High level of AT&C loss at 40.11% in FY 2020 due to poor billing and collection efficiency
- Weak Cost coverage of 0.74x in FY 2020
- Weak Interest coverage of 0.68x in FY 2020
- Weak financial profile as reflected in sustained net losses & negative networth
- High power purchase cost at ₹ 5.19 per unit in FY 2020
- Significantly stretched receivable and payable days

Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization and reduction in power purchase and O&M costs
- Improvement in receivable and payable days
- Improvement in overall financial position

ASSAM POWER DISTRIBUTION COMPANY LIMITED

C+

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

- Regulatory clarity in place, with the release of FY 2021 tariff order, true-up order for FY 2019, Tariff Petition for FY 2022 and MYT order for FY 2019 to FY 2022
- High cost coverage ratio
- Entire subsidy booked during FY 2020 received during the year in advance
- Moderate capital structure, supported by government grant received for capital projects

Key Concerns

- Auditor has reported that the standalone financial statements do not give a true and fair view
- High and rising AT&C losses at 23.38% in FY 2020
- Fares poorly in power purchase planning and cost efficiency
- High receivable days

Key Actionables

- To remove deficiencies in audited accounts
- Reduction of AT&C losses with focus on improving billing efficiency
- Optimisation of power purchase plan
- To rationalize employee and O&M costs
- Reduce receivable days

NORTH BIHAR POWER DISTRIBUTION COMPANY LIMITED

B

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 (NBPDCL). BSPHCL owns the shares of the newly-incorporated four other companies.

Key Strengths

- Timely receipt of subsidy from the State Government
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework operational
- Low payables days at 36 days in FY 2020.

Key Concerns

- Deterioration in Cost coverage ratio in FY 2020 over previous year
- High AT&C loss levels at 29.50% in FY 2020
- High power purchase cost
- High receivables days

Key Actionables

- Reduction in AT&C loss level by focusing in areas having higher loss levels
- Improvement in cost coverage by effecting frequent tariff hikes
- Reduction in receivable days

SOUTH BIHAR POWER DISTRIBUTION COMPANY LIMITED

C+

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 (NBPDCL). BSPHCL owns the shares of the newly-incorporated four other companies.

Key Strengths

- Timely receipt of subsidy from the State Government
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework operational

Key Concerns

- Continued high level of AT&C losses at 48.64% in FY 2020
- Low cost coverage & interest coverage during FY 2020
- High power purchase cost
- High payable and receivable days in FY 2020
- Moderate level of cost efficiency

Key Actionables

- Reduction in AT&C loss level by focusing in areas having higher loss levels
- Improvement in cost coverage by effecting frequent tariff hikes
- Reducing receivable days and payables days

JHARKHAND BIJLI VITRAN NIGAM LIMITED

C

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. JBVNL has a consumer base of around 41.16 lakh.

Key Strengths

- Timely receipt of subsidy from Jharkhand State Government
- Long term PPA agreement in place with 97.06% power purchased through long term PPA
- Timely filing of MYT petition with JSERC for the control period from FY 2022 to FY 2026; True-up order till FY 2019 in place

Key Concerns

- High AT&C losses at 37.32% in FY 2020 due to poor billing and collection efficiency
- Low cost coverage ratio at 0.77x in FY 2020
- Unavailability of audited accounts for FY 2020
- High receivable and payable days
- Interest Coverage Ratio is negative for FY2020
- Untreated revenue gap in the tariff order

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
- Reduction in receivable and payable days
- Cost coverage to be improved through suitable tariff increase and curtailment of losses

MANIPUR STATE POWER DISTRIBUTION CORPORATION LIMITED

C

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 sixteen districts namely, Bishnupur, Imphal-West, Imphal-East, Thoubal, Kakching, Tamenglong, Kangpokpi, Senapati, Ukhrul, Kamjong, Jiribam, Noney, Pherzawl, Churachandpur, Chandel, and Tengnoupal. As on March 31, 2020, MSPDCL serves about 3.31 lakh consumers in various categories.

Key Strengths

- Improvement in AT&C losses and billing efficiency in the last 3 years
- Subsidy received on a regular basis
- More than 90% power is procured through long term PPA

Key Concerns

- Audited Accounts for FY 2018, FY 2019 & FY 2020 are not available
- Low cost coverage
- Increase in the average cost of power procurement and employee cost
- Delay in filing of tariff petition for FY 2022
- High receivable days

Key Actionable Points

- Reduction in AT&C loss levels through improvement in collection efficiency
- Timely preparation and filing of audited accounts
- Improvement in cost coverage through rationalization of power purchase cost and employee cost
- Timely filing of tariff petition
- Reduction in receivables

MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED

C

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

- Adoption of MYT with timely filing of tariff petition and issuance of tariff order

Key Concerns

- Absence of audited accounts for FY 2020
- High AT&C losses at 34.16% in FY 2020 (PY: 35.22%)
- Low billing efficiency of 70.12% in FY 2020 (PY: 64.78%)
- Low cost coverage of 0.66x in FY 2020 (PY: 0.85x)
- Non-issuance of True-up order
- High receivable days running close to nine months

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
- Improvement in Cost coverage
- Timely issuance of true-up order
- Reduction in receivables

TRIPURA STATE ELECTRICITY CORPORATION LIMITED

C

Background

Tripura State Electricity Corporation Limited (TSECL) has been created by the corporatization of the erstwhile Department of Power, Government of Tripura and started its operation from January 1, 2005. TSECL is the sole electricity utility in Tripura responsible for generation, transmission and distribution of electricity in the state.

Key Strengths

- Relatively low power purchase cost of ₹ 4.55 per unit in FY 2020
- High fixed assets to total debt ratio of 3.17x as on March 31, 2020 (PY: 2.69x)
- Low receivables of 62 days and payables of 43 days in FY 2020

Key Concerns

- High AT&C Loss levels of 38.15% in FY 2020 (PY: 38.04%)
- Low billing efficiency of 69.63% in FY 2020 (PY: 68.32%)
- High O&M and Admin and Employee Costs
- Non-filing of tariff petition and issuance of true up order
- Delay in finalization of audited accounts
- Unbundling not yet completed

Key Actionables

- Reduction in AT&C losses and improvement in billing efficiency
- Timely preparation of audited accounts.
- Timely filling of tariff petition and issuance of true up order
- Rationalization of the employee costs and operations & maintenance expenses
- Unbundling of TSECL

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

B+

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 203 lakh customers.

Key Strengths

- Subsidy received in timely manner in FY 2020
- Receivables days have consistently remained below 90 days
- Collection efficiency remains high in FY 2020
- Monthly Variable Cost Adjustment (MVCA) framework for pass-on of increases in power purchase cost is operational

Key Concerns

- Deterioration in cost coverage to 0.92x in FY 2020
- AT&C loss continue to remain high at 20.16% in FY 2020, although improved over previous year
- Non-issuance of Tariff order for last three years
- High power purchase cost
- Cost efficiency constrained by high O&M and employee cost

Key Actionables

- Improvement in AT&C loss levels through improvement in billing and collection efficiency
- Improvement in cost coverage through tariff rationalization and reduction in power purchase and O&M costs
- Timely issuance of tariff orders

CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

C+

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 57.55 lakh as at the end of FY 2020. As per the provisional results provided for FY 2020, CSPDCL registered total revenue of ₹ 15,452 crore and net loss of ₹ 1,103 crore.

Key Strengths

- High fixed asset creation as reflected in fixed assets to total debt ratio of 2.08 times in FY 2020
- Improvement in cost coverage ratio to 1.01x in FY 2020 (PY: 0.82x)
- Implementation in place for automatic pass through of fuel cost

Key Concerns

- High AT&C losses of 27.94% in FY 2020
- Delay in finalization of audited accounts of FY 2020
- Delay in receipt of receivables from the State Government in FY 2020
- High receivables and payables at 203 days and 166 days respectively in FY 2020
- Low interest coverage and negative net worth

Key Actionables

- AT&C losses to be reduced through better billing and collection efficiency
- Timely preparation of audited accounts
- Timely payment of subsidy by the State Government
- Reduction in receivables and payables

UTTAR GUJARAT VIJ COMPANY LIMITED

A+

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 the State Government
- Comfortable cost coverage, interest coverage ratio and capital structure
- Satisfactory AT&C Loss Levels which remained at 6.88% in FY 2020
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC for the discoms
- Low receivable and payable days

Key Concerns

- Absolute subsidy dependence for the State remains high, given the subsidized nature of tariff particularly towards agriculture consumers
- Power purchase cost above the benchmark

Key Actionables

- Continue to maintain low level of AT&C losses as well as high collection efficiency
- To reduce the power purchase cost
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward

DAKSHIN GUJARAT VIJ COMPANY LIMITED

A+

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, interest coverage ratio and capital structure
- Satisfactory AT&C Loss Levels which remained at 6.22% for FY 2020
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC for the discoms

Key Concerns

- Absolute subsidy dependence for the state remains high, given the subsidized nature of tariff particularly towards agriculture consumers
- Power purchase cost above the benchmark

Key Actionables

- Continue to maintain low level of AT&C losses as well as high collection efficiency
- To reduce the power purchase cost
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward

MADHYA GUJARAT VIJ COMPANY LIMITED

A+

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, interest coverage ratio and capital structure
- Satisfactory AT&C loss levels which remained at 11.31% in FY 2020
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC for the discoms
- Low receivable and payable days

Key Concerns

- Absolute subsidy dependence for the state remains high, given the subsidized nature of tariff particularly towards agriculture consumers
- Power purchase cost above the benchmark

Key Actionables

- Continue to maintain low level of AT&C losses through improvement in billing and collection efficiency
- To reduce the power purchase cost
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward

PASCHIM GUJARAT VIJ COMPANY LIMITED

A+

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, interest coverage ratio and capital structure
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC for the discoms
- Low receivable and payable days

Key Concerns

- High AT&C loss levels at 19.21% in FY 2020
- Absolute subsidy dependence for the state as a whole remains high, given the subsidized nature of tariff particularly towards agriculture consumers
- Power purchase cost above the benchmark

Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency
- To reduce the power purchase cost
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward

MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED B+

Background

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (MPPKVVCL) is an unbundled state power distribution company of Madhya Pradesh State Electricity Board (MPSEB). As per the Madhya Pradesh Vidyut Sudhar Adhiniyam 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

- Low average cost of power purchase at ₹ 3.78 per unit during FY 2020 (PY: ₹ 3.91 per unit)
- Fuel cost adjustment framework is operational
- Significant improvement in billing efficiency in FY 2020
- Satisfactory payable days at 19 days in FY 2020

Key Concerns

- High AT&C losses in FY 2020 at 20.93% with collection efficiency as 88.95%
- Delayed receipt of subsidy
- Non issuance of true up order since for FY 2019

Key Actionables

- Reduction in AT&C losses through improvement in billing and collection efficiency
- Timely receipt of subsidy from the State Government

MADHYA PRADESH POORV KSHETRA VIDYUT VITARAN COMPANY LIMITED

C+

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 Adhiniyam 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

- Low average cost of power purchase at ₹ 3.78 per unit during FY 2020 (PY: ₹ 3.91 per unit)
- Fuel cost adjustment framework is operational

Key Concerns

- High AT&C losses at 33.89% in FY 2020
- Low billing efficiency at 77.48% in FY 2020 (PY: 69.42%)
- Low cost coverage of 0.76x in FY 2020 (PY: 0.74x)
- Elongated collection period
- Non - issuance of true up order for FY 2019
- Non-receipt of subsidy in timely manner

Key Actionables

- Substantial reduction in AT&C losses to be brought down through improvement in billing and collection efficiency
- Rationalization of Employee cost
- Improvement in collection period
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Timely receipt of subsidy from the State Government

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 Adhiniyam 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

- Low average cost of power purchase at ₹ 3.78 per unit during FY 2020 (PY: ₹ 3.91 per unit)
- Fuel cost adjustment framework is operational

Key Concerns

- High AT&C losses at 36.74% in FY 2020 (PY: 45.03%) due to poor billing and collection efficiency
- Low cost coverage of 0.78x in FY 2020 (PY: 0.80x)
- High receivables and payable days
- Non - issuance of true up order for FY 2019

Key Actionables

- Substantial reduction in AT&C losses to be brought down through improvement in billing and collection efficiency
- Significant Improvement in collection period
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Timely receipt of subsidy from the State Government

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

- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- Subsidy booked was received during the year
- Satisfactory interest coverage ratio and leverage
- Fuel Adjustment Cost (FAC) mechanism with a ceiling is operational
- Track record of profitable operations

Key Concerns

- AT&C loss increased to 19.6% in FY 2020 due to reduction in collection efficiency
- Cost coverage ratio reduced to 0.94x in FY 2020 from 0.97x in FY 2019
- High receivable and payable days
- Low cost competitiveness of power procurement

Key Actionables

- Reduction in AT&C losses and improvement in billing efficiency
- To recover the outstanding dues and ensure healthy collection efficiency
- Optimise power purchase
- Reduction in receivable and payable days

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

C

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

- Low AT&C losses at 6.64% % in FY 2020
- Satisfactory billing efficiency at 93.36% in FY 2020
- Improvement in cost coverage ratio to 0.98x in FY 2020 vis-à-vis 0.65x in FY 2019
- Timely filing of tariff petition for FY 2022; Tariff order issued for FY 2021

Key Concerns

- Auditor report for FY 2020 qualifying that financial Statements do not give a true and fair view of the loss, position of changes in equity and cash flow for the year ended
- Non-receipt of revenue subsidy in a timely manner
- No automatic pass through of fuel cost
- High payables at 195 days (PY:206 days)

Key Actionables

- To resolve issues related to serious audit qualifications
- To maintain low level of AT&C losses
- Timely receipt of subsidy dues from the State Government

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

- Low AT&C loss at 13.19% in FY 2020
- Satisfactory power purchase planning with around 95% power procured from long term sources
- Satisfactory cost efficiency parameters in terms of O&M/Admin costs
- Timely filing of tariff petition for FY 2022; Tariff order issued for FY 2021

Key Concerns

- High receivable and payable days at 140 days and 155 days respectively in FY 2020
- Low cost coverage in FY 2020 at 0.90x though improved from previous year
- Fixed asset to total debt ratio stood low at 59.59% during FY 2020
- High employee cost at 13.72% of revenue from operations
- No automatic pass through of fuel cost
- Non receipt of revenue subsidy in a timely manner

Key Actionables

- Maintain AT&C loss level through improvement in billing and collection efficiency
- Timely receipt of subsidy due from the State Government
- Cost coverage to be improved through suitable tariff increase and curtailment of losses
- Reduction in receivable and payable days

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

B+

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

- Largest DISCOM in Karnataka; Consumer profile is 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
- Consistent improvement in billing efficiency from last three years

Key Concerns

- Increase in AT&C losses in FY 2020 due to deterioration in collection efficiency
- Growing dependence on subsidy support; subsidy receipt from Government of Karnataka (GoK) was at 86.25% of the subsidy approved for FY 2020
- Low cost coverage ratio of 0.86x in FY 2020
- Power purchase cost remains relatively high and has increased over the past three years
- High receivable and payable days

Key Actionables

- To improve subsidy collection levels and clear the pending subsidy claims from State Government
- To continue to focus on loss reduction efforts in areas having higher loss levels
- To focus on reducing power purchase costs
- Reduction in receivable and payable days

MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

B+

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 presence of multi-year tariff regime along with regular tariff filings and tariff orders issuance
- Consistent improvement in billing efficiency
- Improved AT&C loss at 15.33% in FY 2020
- Procurement from long-term sources is more than 95% of the overall power procurement

Key Concerns

- High dependence on state government for subsidy support; subsidy receipts from Government of Karnataka (GoK) remain less than 100% in FY 2020
- Average power purchase cost has increased in FY 2020
- High level of O&M and employee expenses as a proportion of revenues
- High level of payable days

Key Actionables

- To improve subsidy collection levels and clear the pending subsidy claims from State Government
- To continue to focus on loss reduction efforts in areas having higher loss levels
- To improve cost efficiency levels
- Reduction in payable days

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

B+

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
- Substantial reduction in AT&C losses due to improvement in billing and collection efficiency in FY 2020
- Power procurement from long-term sources remained higher than 95%

Key Concerns

- Low cost coverage ratio of 0.86x in FY 2020
- Weak interest coverage ratio of (-)0.63x in FY 2020
- High power purchase cost at ₹ 5.18 per unit in FY 2020
- High leverage with D:E ratio reaching 9 times
- High receivable and payable days

Key Actionables

- To continue reduction in AT&C losses through improvement in billing and collection efficiency
- To improve cost coverage ratio
- To improve cost efficiency levels
- Reduction in receivable and payable days

CHAMUNDESHWARI ELECTRICITY SUPPLY CORPORATION LIMITED

B

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 presence of multi-year tariff regime along with regular tariff filings and tariff orders issuance
- Procurement from long-term sources constitutes more than 95% of power requirement
- Consistent improvement in billing efficiency in last three years
- Average Power Purchase Cost remained below the benchmark of ₹ 4.71 per unit in FY 2020

Key Concerns

- Increase in AT&C losses in FY 2020 due to deterioration in collection efficiency
- High dependence on subsidy support; subsidy receipts from Government of Karnataka (GoK) remain less than 100% in FY 2020
- Low cost coverage ratio at 0.91x in FY 2020
- 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 and improving collection efficiency
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Karnataka going forward
- To improve cost coverage ratio
- To improve on employee cost efficiency
- Reduction in receivable and payable days

HUBLI ELECTRICITY SUPPLY COMPANY LIMITED

B+

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
- Significant improvement in AT&C loss levels to 15.2% in FY 2020
- Procurement from long-term sources constitutes 100% of power requirement in FY2020; Average power purchase cost at ₹ 4.35 per unit in FY 2020 is below the benchmark
- Significant improvement in cost coverage ratio in FY 2020 owing to more than 100% of subsidy receipt

Key Concerns

- Cost efficiency impacted by O&M and employee cost
- Low interest coverage ratio of 0.16x in FY 2020
- Negative net-worth
- High payable and receivable days
- Non-receipt of subsidy in timely manner

Key Actionables

- To continue to focus on loss reduction efforts in areas having higher loss levels
- To improve cost coverage
- Reduction in receivable and payable days
- Timely receipt of subsidy from the State Government

KERALA STATE ELECTRICITY BOARD LIMITED

B+

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 2287.64 MW as on March 31, 2020, of which hydel constituted the major portion. The total energy consumption within the state was 22,672 million units (MUs) during FY 2020.

Key Strengths

- Low level of AT&C losses at 14.01% in FY 2020
- High fixed asset to total debt ratio of 1.40x in FY 2020
- Lower power purchase cost of ₹ 4.38 per unit in FY 2020

Key Concerns

- Relatively high operating expenses and employee cost
- No unbundling on functional lines
- High Payables Days at 69 days during FY 2020 (PY: 56 days)
- Decline in Cost coverage Ratio to 0.94x in FY 2020 (PY:1.01x)
- Presence of untreated revenue gap in latest available tariff order

Key Actionables

- Continue to maintain low level of AT&C losses
- Timely issuance of tariff orders / true-up orders
- Controlling various operating expenses to improve cost efficiency

TAMIL NADU GENERATION & DISTRIBUTION CORPORATION LIMITED

C

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

- AT&C loss levels below the benchmark aided by rising billing and collection efficiency
- Receivable days have remained consistently low and stood at 47 days in FY 2020

Key Concerns

- Adverse opinion provided on the accounts for FY 2020 by independent auditor
- Slippages in regulatory timelines with regards to filing of tariff petitions
- High financial risk profile on a standalone basis arising from cash losses, poor capital structure and debt protection measures; net worth remains significantly negative at (-) ₹ 58,156 crore, debt stands at ₹ 1,08,338 crore as on March 31, 2020
- Low cost coverage standing at 0.74x in FY 2020
- High power purchase cost
- High payable days

Key Actionables

- To remove deficiencies in audited accounts
- To continue to reduce AT&C losses with focus on billing efficiency
- Long term plan to achieve financial turnaround
- Timely filing of tariff petition and true-up petition
- Implementation of automatic pass through of fuel cost through FPPCA mechanism
- To improve cost coverage & interest coverage ratio
- Reduction in power purchase cost
- To reduce dependence of GoTN subsidy which increase credit risk

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 fifteen districts and catering to over 9.2 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 fifteen districts, i.e. Hyderabad, Sangareddy, Medak, Siddipet, Mahabubnagar, Wanaparthy, Nagarkurnool, Gadwal, Nalgonda, Suryapet, Yadadri, Rangareddy, Vikarabad, Medchal and Narayanpet.

Key Strengths

- Satisfactory AT&C losses at 15.41% during FY 2020
- Satisfactory billing efficiency of around 93% and cost efficiency parameters in term of O&M/admin
- Satisfactory power purchase planning with over 90% of power being purchased through Long Term Power Purchase Agreements

Key Concerns

- High power purchase cost than the benchmark
- Non-filing of tariff petition for FY 2020 and FY 2021 within the stipulated timelines
- Continuous loss registered in last three years and low cost coverage ratio at 0.75x in FY 2020
- High collection and payable days at 142 days and 291 days respectively in FY 2020
- No automatic pass through of fuel cost

Key Actionables

- Reduction in AT&C losses and improvement in collection efficiency
- Timely receipt of subsidy due from the State Government
- Timely filing of tariff petition
- Reduction in receivable and payable days
- Cost coverage to be improved through suitable tariff revision and cost rationalization

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

C+

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 Mancherial, Nirmal, Kumram Bheem, Kamareddy, Peddapalli, Jagtial, Rajanna, Warangal Urban, Warangal Rural, Mahabubnagar, Prof Jayashankar, Jangaon, Bhadradri, Karminagar, Khammam, Nizamabad and Adilabad districts.

Key Strengths

- Satisfactory billing efficiency of around 91% and cost efficiency parameters in term of O&M/admin
- Satisfactory power purchase planning with over 91% of power being purchased through Long Term Power Purchase Agreements

Key Concerns

- Deterioration in AT&C loss to 34.49% in FY 2020 as compared to 26.66% in FY 2019
- High power purchase cost at ₹ 5.26 per unit in FY 2020
- Non-filing of tariff petition for FY 2021 and FY 2022 within the stipulated timelines
- Low cost coverage ratio (0.66x for FY 2020) owing to high power purchase costs and non-receipt of subsidy
- No automatic pass through of fuel cost
- High collection and payable days at 273 days and 393 days respectively in FY 2020

Key Actionables

- Reduction in AT&C loss level and improvement in collection efficiency
- Timely receipt of subsidy due from the State Government
- Timely filing of Tariff petition
- Reduction in receivable and payable days
- Cost coverage to be improved through suitable tariff revision and rationalization of costs

Section IV

Key Findings

KEY FINDINGS

- The average Cost Coverage has improved to 0.87x during the ninth rating exercise as compared to 0.86x in the eighth rating exercise.Nine discoms were the strong performers on cost coverages (>=1.0x), which include Hubli Electricity Supply Company Limited (HESCOM), two Haryana discoms, three Gujarat discoms (UGVCL, MGVCL, and PGVCL), and one discom each of Chhattisgarh, Himachal Pradesh, and Assam.

- Overall, 16 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. Cost coverage ratio for 20 discoms remained low (<0.90x) due to higher expenses and non-cost reflective tariffs (PY: 23 out of 41 discoms rated). Out of the 22 discoms reporting decline in cost coverage ratio, 4 have shown a decline of more than 10%.

- Average Aggregate Technical & Commercial (AT&C) loss level of rated discoms has improved to 21.16% in FY 2020 as compared to 21.85% in FY 2019. 20 of the rated power distribution entities have shown an improvement in their AT&C loss levels during FY 2020 (19 in the previous year). Nine utilities have reported AT&C loss levels within 15% as compared to eight utilities in FY 2019.

- Fifteen utilities have been able to achieve more than 10% reduction in AT&C loss parameter which are Eastern Power Distribution Company of AP Limited (APEPDCL), Uttar Gujarat Vij Company Limited (UGVCL), Southern Power Distribution Company of AP Limited (APSPDCL), Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), Hubli Electricity Supply Company Limited (HESCOM), Mangalore Electricity Company Limited (MESCOM), Gulbarga Electric Supply Company Limited (GESCOM), Paschimanchal Vidyut Vitran Nigam Limited (PaVVNL), West Bengal State Electricity Distribution Company Limited (WBSEDCL), Manipur State Power Distribution Company Limited (MSPDCL), MP Pashchim Kshetra Vidyut Vitaran Company Limited (MPPaKVVCL), MP Poorv Kshetra Vidyut Vitaran Company Limited (MPPoKVVCL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), and MP Madhya Kshetra Vidyut Vitran Company Limited (MPMaKVVCL)

- Eleven discoms including Madhya Gujarat Vij Company Limited (MGVCL), Kerala State Electricity Board Ltd (KSEBL), Punjab State Power Corporation Limited (PSPCL), Telangana State Southern Power Distribution Company (TSSPDCL), Bangalore Electricity Supply Company Limited (BESCOM), Maharashtra State Electricity Distribution Company Limited (MSEDCL), Uttarakhand Power Corporation Limited (UPCL), Assam Power Distribution Company Limited (APDCL), Northern Power Distribution Company of Telangana Ltd (TSNPDCL), Jharkhand Bijli Vitran Nigam Ltd (JBVNL), South Bihar Power Distribution Company Limited (SBPDCL) have shown deterioration of more than 10% in AT&C loss parameter.

- In terms of Interest Coverage Ratio (ICR), there are twenty-nine utilities who have exhibited positive ICR in FY 2020. All the Gujarat discoms have exhibited ICR of over 5.0x, while there are seven discoms whose ICR is over 2.0x, including Assam Power Distribution Company Limited (APDCL), MP Pashchim Kshetra Vidyut Vitaran Company Limited (MPPaKVVCL), Mangalore

Electricity Company Limited (MESCOM), West Bengal State Electricity Distribution Company Limited (WBSEDCL), Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL), Jaipur Vidyut Vitran Nigam Limited (JVVNL), and Bangalore Electricity Supply Company Limited (BESCOM).

- Sixteen discoms have positive Debt to Net Worth ratio (D:E), out of which ten have D:E of less than 2.0x indicating sound support from the state governments. Out of those ten discoms, Gujarat discoms have the minimum D:E ratio and the other discoms include Bihar discoms, Punjab State Power Corporation Limited (PSPCL), Mangalore Electricity Company Limited (MESCOM), Maharashtra State Electricity Distribution Company Limited (MSEDCL), and Tripura State Electricity Corporation Limited (TSECL).

- In terms of regulatory environment, tariff order for FY 2021 has been issued for thirty-six discoms, while the same has not been issued for five discoms including Rajasthan discoms, WBSEDCL, and TANGEDCO. Tariff petition for FY 2022 has been filed by twenty-seven discoms, while fourteen discoms are yet to file the petition including discoms of Telangana, Rajasthan, Uttar Pradesh, MSPDCL, KSEBL, TSECL, and TANGEDCO.

- In terms of availability of audited accounts, 35 discoms have submitted audited annual accounts, while six discoms have submitted provisional accounts.

- Regulatory clarity gradually appearing in the state power sector with SERCs in place across all 22 states covered.

- 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 on the basis of 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, RPO compliance, etc. carry weightage of 43% and the financial parameters viz. cost coverage ratio, payables, receivables, timely submission of audited accounts, etc. carry weightage of 42%. External parameters relating to regulatory environment, State Govt. subsidy support, etc. have been assigned weightage of 15%.

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 & private sector utilities would not be covered under the rating mechanism.

3. Integrated rating methodology

(i) Summary of Rating Parameters

S.No.	Parameters	Marks
1	**OPERATIONAL & REFORM Parameters**	**43**
I)	**Operational related**	
i)	AT&C Losses	28,-4
ii)	Power purchase	3
iii)	Cost Efficiency	6
II)	**Reform related**	
iv)	RPO Compliance	2
v)	Corporate Governance	4
2	**EXTERNAL Parameters**	**15**
I)	Regulatory	11,-19
II)	Govt. Support	4
3	**FINANCIAL Parameters**	**42**
I)	Ratios	
a	Cost Coverage Ratio	15
b	Interest Coverage Ratio	4
c	Total Debt to Net Worth	3,-2
II)	Sustainability	6
III)	Receivables	5
IV)	Payables	4
V)	Audited Accounts	5,-12
VI)	Audit Qualifications	0,-1
VII)	Default to Banks / FIs	0,-2
	Total	**100**

(ii) Definitions

S. No.	Parameters	Definition
1	**Coverage Ratio**	(Revenue realized from sale of power + Other income + Subsidy received) / (Total Expenditure booked) Where; Revenue realized from sale of power = Opening receivables (power sale) – Closing receivables (power sale) + revenue from sale of power booked during the year
2.	**AT&C Losses (%) for SEBs/PDs/ Discoms**	as defined in MoP Letter No.CEA-GO-17(11)/1/2018/DP&R Div/408-530 dated 08.08.2018 on "Addendum to methodology for calculation AT&C Losses and ACS – ACR Gap" (annexed)
3.	**Billing Efficiency**	Net sale of energy / Net input energy
4.	**Fixed Assets to Total Debt Ratio**	<u>Net Fixed Assets</u> Total Debt
5.	**Interest Coverage Ratio**	(PAT + Depreciation, Amortisation + Interest charged to operation) / Interest charged to operation
6.	**Debt Equity Ratio**	Total Borrowings / Total Networth Where; Total Borrowings = Long term debt + Short term Debt Total Networth = Equity including share application money pending allotment + General Reserves + Retained earnings as per Balance Sheet – Miscellaneous expenses not written off
7.	**Receivables (no. of days)**	<u>Debtors for sale of power x 365</u> Revenue from sale of power
8.	**Payables (no. of days)**	<u>Creditors for purchase of power x 365</u> Cost of purchase of power

Clarification : Electricity Duty/Cess should be included in the revenue / receivables while calculating Cost Coverage Ratio

सत्यमेव जयते

भारत सरकार
Government of India
विद्युत मंत्रालय
Ministry of Power
केन्द्रीय विद्युत प्राधिकरण
Central Electricity Authority
वितरण आयोजन एवं विकास प्रभाग
Distribution Policy & Regulations Division

No. CEA-GO-17(11)/1/2018/DP&R Div/408-530 Dated 08.08.2018

सेवा में,

1. सभी राज्यों/केंद्र शासित प्रदेशों के प्रधान सचिव/ सचिव (ऊर्जा/पॉवर) Principal Secretaries/ Secretaries (Energy/ Power) of all States/UTs
2. सभी डिस्कॉम के सीएमडी / एमडी CMD/MDs of all Discoms
3. सचिव, फोरम ऑफ़ रेगुलेटर Secretary, Forum of Regulators

विषय: ए टी एंड सी हानि और एसीएस-एआरआर गैप की गणना के लिए पद्धति में अनुपूरक।

Subject: Addendum to methodology for calculation AT&C losses and ACS – ARR Gap.

Ref.: i) This office letter No. CEA/DPD/AT&C losses/2017/758-818 dated 02.06.2017
ii) This office letter No. CEA/DPD/AT&C losses/2017/1169-1291 dated 02.08.2017

Sir/Madam,

CEA had circulated the Revised methodology for calculation of AT&C losses and for calculation of ACS – ARR Gap vide letters referred to above.

In order to address treatment of various sub-parameters used for calculation of AT&C losses and ACS – ARR Gap, a workshop was organized by PFC on 16th May, 2018, so as to ensure uniformity in calculation across the utilities. On the basis of feedback received from various Discoms during the workshop and further discussions held at Ministry of Power under the Chairmanship of Secretary(Power), addendums to the revised methodologies have been finalized.

The Revised methodology for calculation of AT&C losses and ACS – ARR Gap along with the proposed addendums are placed below at **Annexure–A** and **Annexure-B** respectively. This is for your kind information and necessary action.

संलग्नक: यथोपरि

भवदीया,

वन्दना

(वन्दना सिंघल)
मुख्य अभियंता

प्रतिलिपि:

1. Joint Secretary (Distribution), Ministry of Power, Shram Shakti Bhawan, Rafi marg, New Delhi-110001
2. CMD, Power Finance Corporation Ltd., 'Urjanidhi',1, Barakhamba Lane, Connaught Place, New Delhi-110 001
3. CMD, Rural Electrification Corporation, Corporate Office, Core- 4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003

Annexure - A

Revised methodology for AT&C losses circulated by CEA in June, 2017:

A	Input Energy (MU)	Energy Generated – Auxiliary Consumption + Energy Purchased (Gross) – Energy Traded/ Inter State Sales
B	Transmission Losses (MU)	
C	Net Input Energy (MU)	A-B
D	Energy Sold (MU)	Energy Sold to all categories of consumers excluding units of Energy Traded/Inter-State Sales
E	Revenue from Sale of Energy (Rs crore)	Revenue from Sale of Energy to all categories of consumers (including Subsidy Booked) but excluding Revenue from Energy Traded /Inter-State Sales
F	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs crore)	Revenue from Sale of Energy (same as E above) minus Subsidy Booked plus Subsidy Received against subsidy booked during the year
G	Opening Debtors for Sale of Energy (Rs crore)	Opening debtors for sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debtors). Unbilled Revenue shall not be considered as Debtors.
H	Closing Debtors for Sale of Energy (Rs crore)	i) Closing debtors for Sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors. ii) Any amount written off during the year directly from (i)
I	Adjusted Closing Debtors for sale of Energy (Rs crore)	H (i+ii)
J	Collection Efficiency (%)	(F+G-I)/E*100
K	Units Realized (MU) = [Energy Sold*Collection Efficiency]	D*J/100
L	Units Unrealized (MU) = [Net Input Energy - Units Realized]	C-K
M	AT&C Loss (%) = [{Units Unrealized/Net Input Energy}*100]	L/C *100

Addendum to AT&C loss calculation methodology

Parameter	Sub - parameter	Treatment of parameters for computation of AT&C loss as discussed and agreed in the workshop
Net Input Energy/ Energy Sold (MU)	Open Access / Wheeling	Open access/ wheeling units shall not be included in Net Input Energy and Energy Sold while calculating Billing Efficiency.
Revenue from Sale of Energy (Rs. Crores)	Unbilled Revenue	No adjustment shall be made in revenue from sale of energy on account of unbilled revenue.
Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs crore)	Subsidy Received against subsidy booked during the year	Total Tariff Subsidy received during the year including arrears (if any) shall also be included while calculating Adjusted Revenue from Sale of Energy on Subsidy Received basis
Collection Efficiency (%)		**Collection Efficiency of subsidy received and realization from sale of power together will be restricted at 100%**

Annexure–B

Revised methodology for calculation of ACS-ARR gap circulated by CEA in August, 2017:

Revenue GAP (Rs/kWh)	**Average Cost of supply - Average Realisable Revenue (Subsidy received basis) (ACS – ARR)**
Particulars	**Formula**
ACS --> Average Cost of Supply (in Rs/ kWh)	Total Expenditure (Amount)/ Total Input Energy (units)*
ARR --> Average Realisable Revenue (Subsidy received basis) (in Rs/ kWh)	Revenue from Sale of Power (on Subsidy Received basis)** + Other income/ Total Input Energy (units)

Note:
*Total Input Energy here means Input Energy before making any adjustments like Transmission Loss, Inter-state sale or Energy Traded
**Revenue from sale of power excluding subsidy booked plus subsidy received

Addendum to ACS-ARR Gap calculation methodology

- Average Cost of Supply (ACS) and Average Realizable Revenue (ARR) terms may be differentiated from similar terms used by Regulatory Commissions such as Aggregate Cost of Supply and Annual Revenue Requirement.
- The ACS-ARR Gap is to be calculated on the basis of the annual accounts.
- Further, ACS –ARR Gap (in case of "Gap-Subsidy Received Basis") calculation will be based on total revenue subsidy received during the year including arrears, if any, without any restrictions.

(iii) Scoring Methodology

S.No.	Parameters	Score
1	**Operational & Reform Parameters**	**43**
I.	**Operational related**	**37**
i)	**AT&C Losses**	28
a	**AT&C Loss Levels**	**15**
	Marks for absolute levels	
	Less than or equal to 15%	15
	Between 15 to 30%	Proportionate
	More than 30%	0
	if more than 30%	-1
	(0.05 mark is reduced for every increase in ratio by 1% subject to a limit of -1)	
	Marks for Improvement (applicable when AT&C Losses is less than 35%)	
A)	***Improvement in AT&C Loss levels***	
	{AT&C in FY(T -2) – AT&C in FY(T -1)}/ { AT&C in FY(T -2) - Benchmark AT&C}	
	Where, AT&C = AT&C Losses in %, Benchmark AT&C = 25%, T = Current Year	
	If the above ratio >=1	6
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio <=0	0
B)	***Improvement in AT&C Loss Levels (consistently)***	
	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
	Marks for deterioration (applicable when AT&C Losses is more than 30%)	
	Increase by 20% or more	-3
	Increase by 10% up to 20%	-2
	Increase by 5% up to 10%	-1
Note 1 : Higher of the two marks (either Absolute Marks or Marks for Improvement) shall be assigned		
Note 2 : if Absolute Marks <0 and Marks for Improvement = 0, then Absolute marks shall be assigned		
b	**Billing Efficiency**	**8**
	Marks for absolute level	
	More than or equal to 90%	8
	Between 82 to 90%	Proportionate
	Equal to 82%	0
	Marks for Improvement	
	{BE in FY(T -2) – BE in FY(T -1)}/{ BE in FY(T -2)-Benchmark BE}	
	Where, BE = Billing Efficiency, Benchmark BE = 90%, T = Current Year	
	If the above ratio >=1	8
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio <=0	0
Note : Higher of the two marks (either Absolute Marks or Marks for Improvement) shall be assigned		
c	**Collection Efficiency**	**5**
	Marks for absolute level	
	More than or equal to 100%	5
	Between 90 to 100%	Proportionate
ii)	**Power Purchase**	**3**

S.No.	Parameters	Score
1	**Operational & Reform Parameters**	**43**
a	**Power purchase planning & procurement**	**1**
	More than 90% power purchase through long term PPA	1
	Between 85% to 90% power purchase through long term PPA	0.5
b	**Cost Competitiveness of Power Purchase**	**2**
	{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 4.71/unit, T = Current Year	
	If the above ratio >=1	2
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio <=0	0
Notes: *In all cases where ACP in FY T-1<=Rs. 4.71/unit, full marks awarded regardless of any improvement or deterioration vis-à-vis the previous year.		
**In all cases except * above, any deterioration in ACP in FY T-1 vis-à-vis the previous year, zero marks are awarded		
***In all cases except * and ** above, marks awarded as per formula		
@ 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		
iii)	**Cost Efficiency**	**6**
a	**O&M & Adm. costs (Excl. Employee cost) / Revenue (Sale of Power+Revenue subsidy)**	**3**
	Between 1% to 2%	3
	Between 2% to 3%	2
	Between 3% to 4%	1
	More than 4%	0
b	**Employee cost / Revenue (Sale of Power+Revenue subsidy)**	**3**
	For Discoms	
	Between 0% to 5%	3
	Between 5% to 7.5%	2
	Between 7.5% to 10%	1
	More than 10%	0
	For Gedcos	
	Between 0% to 7%	3
	Between 7% to 9%	2
	Between 9% to 12%	1
	More than 12%	0
II.	**Reform related**	**6**
iv)	**RPO Compliance**	**2**
	If target achieved for RPO (sourced from SERC/MNRE/Utilities)	2
	If target partially achieved	Proportionate
v)	**Corporate Governance**	**4**
a	Board of Unlisted Discoms to have 1/3 of Members as Independent Directors	1
b	Operational Audit Committee	1
c	Exclusive MD and DF	1
d	Unqualified Statutory Auditor's report on Internal Financial Control*	1
e	Availability of quarterly accounts duly approved by BoD*	
f	Internal Audit Reporting to Audit Committee/Board- In Subsequent quarter from date of Internal Audit report*	
*1 Mark for complying with atleast one of the parameters d to f.		

S.No.	Parameters	Score
2	**External Parameters**	**15**
I.	**Regulatory**	**11**
i)	**Regulatory Environment**	**9**
a	**Tariff Filing / Tariff Order**	**9**
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%	1
	Return on equity – CERC / F.O.R. norms followed partially	0.5
	Return on equity – CERC / F.O.R. norms not followed	-1
vi	Untreated Revenue Gap in the ARR order	-5
b	**Regulatory Asset**	**0**
	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
ii)	**Auto. Pass through of FC (Implementation)**	**2**
	If implemented	2
	If not implemented	-1
iii)	**Transco (State Transmission Utility) is not formed**	**0**
	Transco (State Transmission Utility) is not formed	-3
II.	**Govt. Support**	**4**
i)	**Tariff Subsidy Support**	**4**
A)	***Advance payment of Subsidy***	
	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)	***Where Subsidy not paid in advance***	
	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

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

S.No.	Parameters	Score
3	**Financial Parameters**	**42**
I.	**Ratios**	**15**
a	**Cost Coverage Ratio**	**15**
	Marks for absolute levels	
	Equal to or more than 1.01	15
	Less than 1.01 upto 0.86	Proportionate
	Equal to 0.86	0
	Marks for Improvement	
	{CCR in FY(T -1) – CCR in FY(T -2)}/ { Benchmark CCR – CCR in F(T-2)}	
	Where, CCR = Cost Coverage Ratio, Benchmark CCR = 0.93, T = Current Year	
	If the above ratio >=1	7
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio <=0	0
Note : Higher of the two marks (either Absolute Marks or Marks for Improvement) shall be assigned		
b	**Interest Coverage Ratio**	**4**
	If ICR is 2 and above	4
	If ICR is less than 2 but equal to 1.5 and above	3
	If ICR is less than 1.5 but equal to 1.25 and above	1
	If ICR is less than 1.25	0
c	**Total Debt to Net Worth**	**3**
	Equal to 2.33 and less	3
	More than 2.33 but equal to 3	2
	More than 3 but equal to 4	1
	More than 4	0
	Negative Net Worth	-2
II.	**Sustainability**	**6**
a	**CAGR of total revenue on realized basis vs. CAGR of total expenditure over 3 years**	**2**
	% Difference (CAGR Growth of Revenue – CAGR Growth of Expenditure)	
	+3 to -3 (%)	2 to 0
	(1% decrease in difference leads to reduction by ⅓ mark)	
b	**Fixed Assets to Total Debt Ratio**	**4**
	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
III	**Receivables**	**5**
	< =60 days	5
	Between 60 and 90 days	Proportionate
	=90 days	2
	Between 90 and 120	Proportionate
	>=120	0
IV	**Payables**	4
	< =60 days	4
	Between 60 and 90 days	Proportionate
	= 90 days	0
V	**Audited Accounts**	**5**

S.No.	Parameters	Score
3	**Financial Parameters**	**42**
	Availability of Audited Annual Accounts (Statutory Audit)	
	FY (T-1) (2019-20) Audited accounts made available by;	
	30th September of FY(T) (2020-21)	5
	31st October of FY(T) (2020-21)	4
	30th November of FY(T) (2020-21)	3
	31st December of FY(T) (2020-21)	2
	31st January of FY(T) (2020-21)	1
	FY (T-1) (2019-20) Audited accounts made available after 31st January of FY(T) (2020-21) / not available beyond 31st January of FY(T) (2020-21)	-6
	FY (T-2) (2018-19) Audited accounts made available after 6 months of FY (T-1) (2019-20) i.e. beyond 30th September of FY(T) (2020-21)	-9
	FY (T-2) (2018-19) Audited accounts made available after 9 months of FY (T-1) (2019-20) i.e. beyond 31st December of FY(T) (2020-21) / not available beyond 31st December of FY(T) (2020-21)	-12
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)		
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)		
Note 3: In case the auditors qualify in their main report that the accounts do not give a true and fair view, Zero marks be assigned against the parameters which are directly derived from the audited financial statements and for the non-financial parameters, marks would be awarded as per the approved Integrated Ratings methodology (refer Appendix 1).		
VI	**Audit Qualifications**	**0**
	Non-provision / payment of Employee related liabilities / Statutory dues in the accounts/ Non-adoption of Ind-AS for annual accounts (subject to the condition that Ind-AS is mandatorily applicable to such utilities)	-1
VII	**Default to Banks / FIs**	**0**
	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.

5. Extent of Subsidy realisation (i.e. aggregate subsidy received against aggregate subsidy booked over three years) shall be assigned negative marks over and above the total marks assigned otherwise as under;

Extent of Subsidy realisation	Penalty
More than 90%	0
80% to 90%	- 5
70% to 80%	- 10
Below 70%	- 15

□□□

Appendix 1

	Parameters	Weightage	Input Source
1	**OPERATIONAL & REFORM Parameters**	**43**	
I) Operational related			
i)	**AT&C Losses**	**28**	
a	AT&C Loss Levels	15	Audited Accounts
b	Billing Efficiency	8	Other Sources
c	Collection Efficiency	5	Audited Accounts
ii)	**Power purchase**	**3**	
a	Power purchase planning & procurement	1	Other Sources
b	Cost Competitiveness of power purchase	2	Audited Accounts
iii)	**Cost Efficiency**	**6**	
a	O&M & Adm. Costs / Revenue	3	Audited Accounts
b	Employee Cost /Revenue	3	Audited Accounts
II)Reform related			
iv)	**RPO Compliance**	**2**	Other Sources
v)	**Corporate Governance**	**4**	Other Sources
2	**EXTERNAL Parameters**	**15**	
I) Regulatory		11	
i)	Regulatory Environment	9	Other Sources
ii)	Auto. Pass through of FC (Implementation)	2	Other Sources
iii)	Transco (State Transmission Utility) is not formed	0	Other Sources
II) Govt. Support			
i)	Tariff Subsidy Support	4	Other Sources
3	**FINANCIAL Parameters**	**42**	
I) Ratios			
a	Cost Coverage Ratio	15	Audited Accounts
b	Interest Coverage Ratio	4	Audited Accounts
c	Total Debt to Net Worth	3	Audited Accounts
II) Sustainability			
a	CAGR of total revenue on realized basis vs. CAGR of total expenditure over 3 years	2	Audited Accounts

	Parameters	Weightage	Input Source
b	Fixed Assets to Total Debt Ratio	4	Audited Accounts
III) Receivables		5	Audited Accounts
IV) Payables		4	Audited Accounts
V) Audited Accounts (Timely Submission of Accounts)		5	Other Sources
VI) Audit Qualifications		0	Audited Accounts
VII) No default to Banks / FIs (in last 2 years)		0	Audited Accounts
GRAND TOTAL (Input Sources: Audited Accounts)		**65**	

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Ministry of Power

Government of India

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