



सत्यमेव जयते

**Ministry of Power**  
Government of India

**State Distribution Utilities**  
**Fourth Annual Integrated Rating**

**JUNE, 2016**

पीयूष गोयल  
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विद्युत, कोयला एवं नवीन और नवीकरणीय ऊर्जा  
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Government of India



## MESSAGE

The distribution sector is a vital link in the power sector value chain as it provides the interface with the end consumers and serves as the revenue generator for the power sector as a whole. A robust distribution sector, therefore, is of paramount importance for steering the ambitious power development programs of the country.

Formulation and implementation of the Integrated Rating methodology is part of the several key initiatives of Govt. of India to improve the financial health of the state distribution utilities and to achieve self-sustainability in their operations.

I am very happy to note that the Fourth Annual Integrated Rating exercise, within the Integrated Rating methodology formulated by Ministry of Power, covering 40 State Distribution Utilities, has been completed in a timely manner with the enthusiastic participation of all the state distribution utilities.

I am quite sure that it would act as a thought matrix for utilities to deliberate on the areas of their strength and weakness as reflected in their respective ratings. I hope that they would draw a time bound action plan to address various areas of concern and move forward towards achieving excellence in overall performance.

I trust that the ratings would also enable the State Governments and other stakeholders including lending institutions to have a better understanding of the dynamics of the distribution sector.

I congratulate all, especially the state distribution utilities, for their continued support in the successful completion of the Fourth Integrated Rating exercise.

**Piyush Goyal**

प्रदीप कुमार पुजारी  
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**P. K. PUJARI**  
Secretary  
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## MESSAGE

A robust distribution sector is critical for the rapid and sustainable development of the power infrastructure in the country.

The Integrated Rating Methodology initiated by MoP in July 2012 has emerged as a powerful diagnostic tool for evaluating overall performance of the state distribution utilities. So far three annual integrated ratings have been declared by MoP.

MoP undertook a detailed review of the rating methodology in February 2016, based on which, certain modifications in the methodology were effected primarily to have more balanced approach by assigning higher weightage to operational parameters such as AT&C loss, Competitiveness of Power Purchase etc.

I am glad that with the active participation of the state utilities, the latest Fourth Annual Integrated Ratings has been completed well in time despite modifications in the methodology carried out in February 2016.

I am sure that the Integrated Ratings would be useful to the utilities and enable them to fine tune their plans to improve further and make course corrections wherever required. It would also promote a healthy competitive spirit amongst the utilities and also promote learning of best practices adopted by their peers.

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

Sd/-  
(P.K.PUJARI)

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

Submitted by :  
ICRA Limited  
and  
Credit Analysis and Research Ltd



**CARE Ratings**  
Professional Risk Opinion

June 2016

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## Section I

# Background, Utilities Covered and Scoring Methodology





## BACKGROUND

Ministry of Power formulated an Integrated Rating Methodology in July 2012 for evaluating performance of State Power Distribution utilities on a range of parameters covering operational, financial, regulatory and reform parameters. The rating exercise is on an annual basis and covers 40 state distribution utilities spread across 21 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 19 utilities respectively. MoP has mandated Power Finance Corporation (PFC) to co-ordinate the rating exercise.

So far, three integrated rating exercises covering FY 2012, FY 2013 and FY 2014 have been completed. The first integrated ratings were released / declared by MoP in March 2013, the second in February 2014 and the last i.e. third integrated ratings were released by Hon'ble Minister of State (IC) for Power, Coal and New & Renewable Energy on 10<sup>th</sup> August 2015.

A comprehensive review of Integrated Rating Methodology was taken up by MoP and based on the review, certain modifications providing for higher weightage to operational parameters were approved by MOP in February 2016. The Fourth Integrated Ratings, covering the rating year FY 2015, have been carried out under the revised integrated rating methodology.

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**UTILITIES COVERED BY ICRA & CARE**

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



**RATING APPROACH / INPUTS**

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

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

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

The methodology used in the current rating exercise takes into account the latest modifications in the rating methodology as approved by Ministry of Power (MoP) in February 2016. The Integrated Rating



Methodology incorporating these modifications is given in Appendix. The revised methodology provides for higher weightage to Operational and Reform parameters.

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

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



## Section II

### Grading Scale & Utility-wise Grades





### GRADING SCALE AND GRADES

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

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



**UTILITY - WISE GRADES**

S.No.	Name of Utility	State	Rating Agency	4th IR Grade (FY 2015)
1	Uttar Gujarat Vij Company Limited	Gujarat	ICRA	A+
2	Dakshin Gujarat Vij Company Limited	Gujarat	ICRA	A+
3	Madhya Gujarat Vij Company Limited	Gujarat	ICRA	A+
4	Paschim Gujarat Vij Company Limited	Gujarat	ICRA	A
5	Mangalore Electricity Supply Company Limited	Karnataka	ICRA	A
6	Bangalore Electricity Supply Company Limited	Karnataka	ICRA	A
7	Uttarakhand Power Corporation Limited	Uttarakhand	CARE	A
8	Chamundeshwari Electricity Supply Corporation Ltd.	Karnataka	ICRA	A
9	Southern Power Distribution Company of Telengana Limited	Telangana	CARE	A
10	Punjab State Power Corporation Limited	Punjab	ICRA	B+
11	Himachal Pradesh State Electricity Board Limited	Himachal Pradesh	CARE	B+
12	Eastern Power Distribution Company of AP Limited	Andhra Pradesh	CARE	B+
13	Chhattisgarh State Power Distribution Company Ltd.	Chhattisgarh	CARE	B+
14	Maharashtra State Electricity Distribution Company Ltd	Maharashtra	ICRA	B+
15	West Bengal State Electricity Distribution Company Ltd	West Bengal	ICRA	B+
16	Northern Power Distribution Company of Telangana Limited	Telangana	CARE	B+
17	South Bihar Power Distribution Co. Ltd.	Bihar	ICRA	B+
18	Kerala State Electricity Board Limited	Kerala	CARE	B+
19	Hubli Electricity Supply Company Limited	Karnataka	ICRA	B+
20	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co Ltd	Madhya Pradesh	CARE	B
21	Gulbarga Electricity Supply Company Limited	Karnataka	ICRA	B
22	Madhya Pradesh Pash. Kshetra Vidyut Vitaran Co Ltd.	Madhya Pradesh	CARE	B
23	Southern Power Distribution Company of AP Limited	Andhra Pradesh	CARE	B
24	Assam Power Distribution Company Limited	Assam	ICRA	B
25	North Bihar Power Distribution Co. Ltd.	Bihar	ICRA	B
26	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co Ltd	Madhya Pradesh	CARE	B
27	Paschimanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	B
28	Dakshin Haryana Bijli Vitran Nigam Limited	Haryana	CARE	C+
29	Kanpur Electricity Supply Company Limited	Uttar Pradesh	ICRA	C+
30	Jodhpur Vidyut Vitaran Nigam Limited	Rajasthan	CARE	C+
31	Uttar Haryana Bijli Vitran Nigam Limited	Haryana	CARE	C+
32	Ajmer Vidyut Vitaran Nigam Limited	Rajasthan	CARE	C+
33	Jaipur Vidyut Vitaran Nigam Limited	Rajasthan	CARE	C+
34	Tamil Nadu Generation and Distribution Corporation	TamilNadu	ICRA	C+
35	Dakshinanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	C+
36	Tripura State Electricity Corporation Limited	Tripura	CARE	C
37	Jharkhand Bijli Vitran Nigam Limited	Jharkhand	CARE	C
38	Madhyanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	C
39	Purvanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	C
40	Meghalaya Power Distribution Corporation Limited	Meghalaya	CARE	C



## Section III

### Utility Rating Summary (region-wise)

#### Index

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







## DAKSHIN HARYANA BIJLI VITRAN NIGAM LIMITED

### Background

Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) is a power distribution company which is responsible for the distribution and retail supply of electricity in the south zone of Haryana comprising of Bhiwani, Faridabad, Gurgaon, Hissar, Jind, Narnaul and Sirsa circles. DHBVNL caters to around 29,26,294 customers including domestic, commercial, industrial, agricultural and others in FY 2015. As on March 31, 2015, the Government of Haryana (GoH) holds 69.61% of shares of DHBVNL while the balance 30.38% stake is held by Haryana Vidyut Prasaran Nigam Limited (HVPNL).

### Key Strengths

- Timely payment of subsidy by the State Government
- Conducive regulatory environment with issue of tariff order and true-up order
- Implementation of key reform measures such as setting-up of consumer grievance forums, special courts for power theft and e-payment facilities for consumers, etc.
- Low O&M cost at 0.90% of total revenue including subsidy and high overall consumer metering >95% for FY 2014 as well as for FY 2015

### Key Concerns

- Continued high AT&C losses at 28.31% in FY 2015 as compared with 27.07% during FY 2014
- Low billing efficiency of 75.53% in FY 2015
- High power purchase cost at ₹ 4.49 per unit in FY 2015
- Delay in filing of tariff petition for FY 2017
- Non-submission of audited accounts for FY 2015
- Low cost coverage ratio of 0.87x in FY 2015

### Key Actionables

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





## UTTAR HARYANA BIJLI VITRAN NIGAM LIMITED

### Background

Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) is a power distribution company which is responsible for the distribution and retail supply of electricity in the North Zone of Haryana comprising of Ambala, Yamunanagar, Kurukshetra, Karnal, Sonapat, Rohtak, Panipat, Jhajjar and Kaithal circles. UHBVNL caters to around 26,35,725 customers including domestic, commercial, industrial, agricultural and others in FY 2015. As on March 31, 2015, the Government of Haryana (GoH) holds 66% of the shares of UHBVNL while the remaining shares are held by Haryana Vidyut Prasaran Nigam Limited (HVPNL).

### Key Strengths

- Timely payment of subsidy by the State Government
- Conducive regulatory environment with issue of tariff order and true-up order
- Implementation of key reform measures such as setting-up of consumer grievance forums, special courts for power theft and e-payment facilities for consumers, etc.

### Key Concerns

- Continued high AT&C losses at 33.53% in FY 2015 as compared with 35.65% during FY 2014
- Low billing efficiency of 69.42% in FY 2015
- High power purchase cost at ₹ 4.57 per unit in FY 2015
- Delay in filing of tariff petition for FY 2017
- Non-submission of audited accounts for FY 2015
- Low cost coverage ratio of 0.85x in FY 2015 and 0.83x in FY 2014

### Key Actionables

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



**B+**

## HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

### Background

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

### Key Strengths

- Relatively low level of AT&C losses of 14.94% in FY 2015
- Healthy billing efficiency of 88.16% in FY 2015
- Low power purchase cost at ₹ 3.06 per unit in FY 2015
- Significant improvement in cost coverage to 0.94x in FY 2015
- Conducive regulatory environment including adoption of MYT framework, timely filing of tariff petition and following stipulated norms etc.

### Key Concerns

- Significant delay in making the audited financials available, non-provisioning of complete employees related liabilities
- High operating cost primarily due to high employee expenses and relatively high O&M cost
- RPO compliance not achieved
- Delay in payment of subsidy and delay in issue of true-up order for FY 2014
- Elongated payables period at 188 days in FY 2015

### Key Actionables

- Continue to maintain low level of AT&C losses as well as the billing efficiency
- Timely preparation of audited accounts and improvement in quality of accounts
- Rationalization of employee cost and other operating cost
- Timely realization of entire subsidy receivable from State Government



**B+**

## **PUNJAB STATE POWER CORPORATION LIMITED**

### **Background**

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

### **Key Strengths**

- Low AT&C Loss levels
- Net profit reported in the last three years
- Comfortable capital structure post restructuring
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing the increase in such 'uncontrollable' cost items to be recovered from consumers on quarterly basis
- Low receivable and payable days
- Good quality of service/ public interface

### **Key Concerns**

- Absolute subsidy dependence for the state as a whole remains high, given the subsidized nature of tariff particularly towards agriculture consumers
- Low cost efficiency on account of high employee costs
- Low regulatory clarity, as reflected by the fact that no true-up petition has been filed for the last two years
- Audited accounts for FY 2015 have not been made available

### **Key Actionables**

- Continued maintenance of low AT&C loss levels
- To file tariff petitions in time in order for timely true-up of earlier years
- To ensure availability of audited accounts in a timely manner
- UDAY already signed. Timely implementation of the same by State Government remains critical





## JODHPUR VIDYUT VITRAN NIGAM LIMITED

### Background

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

### Key Strengths

- Timely receipt of tariff subsidies
- Implementation of key reform measures such as setting-up of consumer grievance forums, special courts for power theft and e-payment facilities for consumers, etc.

### Key Concerns

- Continued high AT&C losses at 27.14% in FY 2015
- Low billing efficiency of 75.53% in FY 2015
- High power purchase cost at ₹ 4.31 per unit in FY 2015
- Huge interest costs
- Low cost coverage ratio of 0.64x in FY 2015
- Significant delay in submission of tariff petition, non-issuance of tariff order for FY 2016 and true-up order for FY 2014

### Key Actionables

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





## AJMER VIDYUT VITRAN NIGAM LIMITED

### Background

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

### Key Strengths

- Timely receipt of tariff subsidies
- Implementation of key reform measures such as setting-up of consumer grievance forums, special courts for power theft and e-payment facilities for consumers, etc.

### Key Concerns

- Deterioration in AT&C Losses to 27.94% in FY 2015
- Low billing efficiency of 73.92% in FY 2015
- High power purchase cost at ₹ 4.36 per unit in FY 2015
- Huge interest costs
- Low cost coverage ratio of 0.65x in FY 2015 and 0.56x in FY 2014
- Significant delay in submission of tariff petition, non-issuance of tariff order for FY 2016 and true-up order for FY 2014

### Key Actionables

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





## JAIPUR VIDYUT VITRAN NIGAM LIMITED

### Background

Jaipur Vidyut Vitran Nigam Limited (JVVN) 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 Rajasthan State Electricity Board (RSEB) was unbundled into a Generation Company, a Transmission Company and three Distribution Companies (Discoms) with effect from July 19, 2000. JVVN covers the 12 districts of Rajasthan namely Jaipur, Dausa, Alwar, Bharatpur, Dholpur, Kota, Bundi, Baran, Jhalawar, Sawaimadhapur, Tonk and Karoli.

### Key Strengths

- Timely receipt of tariff subsidies
- Implementation of key reform measures such as setting-up of consumer grievance forums, special courts for power theft and e-payment facilities for consumers, etc.

### Key Concerns

- Deterioration in AT&C Losses to 31.98% in FY 2015
- Low billing efficiency of 69.54% in FY 2015
- High power purchase cost at ₹ 4.28 per unit in FY 2015
- Huge interest costs
- Low cost coverage ratio of 0.68x in FY 2015 and 0.60x in FY 2014
- Significant delay in submission of tariff petition, non-issuance of tariff order for FY 2016 and true-up order for FY 2014

### Key Actionables

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



**A**

## UTTARAKHAND POWER CORPORATION LIMITED

### Background

Uttarakhand Power Corporation Limited (UPCL), formerly Uttaranchal Power Corporation Limited was incorporated under the Companies Act, 1956 on February 12, 2001 consequent upon the formation of the State of Uttaranchal. UPCL was entrusted to cater to the Transmission & Distribution Sectors 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 catered to sub-transmission/ distribution lines in the State. UPCL is a company wholly owned by the State Government and operates as the sole distribution licensee engaged in the business of distribution and retail supply of power in the State.

### Key Strengths

- Continuous improvement in AT&C losses to 17.4% in FY 2015
- Healthy collection efficiency at 100% in FY 2014 and FY 2015
- No reliance on subsidy support from State Government
- Low power purchase cost at ₹ 3.13 per unit in FY 2015
- Adoption of MYT, timely filing of tariff petition and issuance of tariff order & true up order.
- High overall consumer metering at 99.52% in FY 2015
- Implementation of key reform measures

### Key Concerns

- Decline in cost coverage ratio from 1.10x in FY 2014 to 0.89x in FY 2015
- High receivable and payable levels as reflected by the collection period and creditors period of 185 days and 250 days respectively
- RPO compliance not achieved
- Low cost efficiency in terms of high O&M/admin costs (FY 2015: 4.8% of operating income) and high manpower costs (FY 2015: 8.0% of operating income)

### Key Actionables

- Continuation of reduction in AT&C losses and sustenance of high collection efficiency
- Improvement in cost competitiveness through increase in power procurement under long-term PPAs
- Reduction in collection period and creditors period
- Improvement in cost coverage through rationalization of O&M and employee costs
- Effective implementation of UDAY



## PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED

### Background

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

### Key Strengths

- Tariff order for FY 2016 in place
- Steady progress in improvement of public interface/quality of service with measures such as special courts for anti-theft measures, dedicated IT cells, establishment of call centres and e-payment facilities
- Satisfactory level of cost efficiency

### Key Concerns

- Relatively high level of AT&C loss (~22% in FY 2015), although the same has shown improvement over the last couple of years
- Weak financial profile as reflected in sustained net losses
- Negative net worth resulting in adverse capital structure
- Delay in submission of audited accounts of FY 2015
- No true-up done for FY 2014 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization
- To ensure availability of audited accounts in a timely manner
- Timely and adequate subsidy support from State Government
- Timely filing of Tariff Petition and true-up petition
- Fuel and Power Purchase Cost Adjustment to be implemented (either monthly or quarterly)
- UDAY already signed. Timely implementation of the same by State Government remains critical



## KANPUR ELECTRICITY SUPPLY COMPANY LIMITED

### Background

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

### Key Strengths

- AT&C losses reduced to 27.3% in FY 2015 from 35.8% in FY 2014
- Improvement in cost coverage ratio to 0.91 in FY 2015 as compared to 0.67 in FY 2014
- High collection efficiency at 98.32% for FY 2015
- Improvement in payable days to 83 in FY 2015 as compared to 141 days in FY 2014
- Tariff order for FY 2016 in place

### Key Concerns

- Significantly stretched receivable days
- Negative net worth resulting in adverse capital structure
- Delay in submission of audited accounts of FY 2014-15
- RPO compliance not achieved
- No true-up done for FY 2014 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C loss levels
- Improving cost coverage through tariff rationalization
- To ensure availability of audited accounts in a timely manner
- Timely and adequate subsidy support from State Government
- Timely filing of Tariff Petition and true-up petition
- Fuel and Power Purchase Cost Adjustment to be implemented (either monthly or quarterly)
- UDAY already signed. Timely implementation of the same by State Government remains critical





## DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED

### Background

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

### Key Strengths

- Tariff order for FY 2016 in place

### Key Concerns

- High level of AT&C losses at 33.6% in FY 2015 which has deteriorated slightly as compared to last year
- Weak financial profile as reflected in sustained net losses, and weak cost coverage 0.70 in FY 2015
- Significantly stretched receivable and payable days
- Negative net worth resulting in adverse capital structure
- Delay in submission of Audited accounts FY 2015
- No true-up done for FY 2014 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization
- To ensure availability of audited Accounts in timely manner
- Timely and adequate subsidy support from State Government
- Timely filing of Tariff Petition and true-up petition
- Fuel and Power Purchase Cost Adjustment to be implemented (either monthly or quarterly)
- UDAY already signed. Timely implementation of the same by State Government remains critical





## MADHYANCHAL VIDYUT VITRAN NIGAM LIMITED

### Background

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

### Key Strengths

- Tariff order for FY 2016 in place

### Key Concerns

- High level of AT&C losses at 35.2% in FY 2015 which has deteriorated as compared to last year
- Weak financial profile as reflected in sustained net losses, and weak cost coverage 0.68 in FY 2015
- Significantly stretched receivable and payable days
- Negative net worth resulting in adverse capital structure
- Delay in submission of audited accounts of FY 2015
- No true-up done for FY 2014 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization
- To ensure availability of audited accounts in a timely manner
- Timely and adequate subsidy support from State Government
- Timely filing of Tariff Petition and true-up petition
- Fuel and Power Purchase Cost Adjustment to be implemented (either monthly or quarterly)
- UDAY already signed. Timely implementation of the same by State Government remains critical





## PURVANCHAL VIDYUT VITRAN NIGAM LIMITED

### Background

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

### Key Strengths

- Tariff order for FY 2016 in place

### Key Concerns

- High level of AT&C losses at 40.8% in FY 2015 which has deteriorated as compared to last year
- Weak financial profile as reflected in sustained net losses, and weak cost coverage 0.69 in FY 2015
- Significantly stretched receivable and payable days
- Negative net worth resulting in adverse capital structure
- Delay in submission of audited accounts of FY 2015
- No true-up done for FY 2013-14 on account of delay in submission of audited accounts

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improving cost coverage through tariff rationalization
- To ensure availability of audited accounts in a timely manner
- Timely and adequate subsidy support from State Government
- Timely filing of Tariff Petition and true-up petition
- Fuel and Power Purchase Cost Adjustment to be implemented (either monthly or quarterly)
- UDAY already signed. Timely implementation of the same by State Government remains critical



**B**

## ASSAM POWER DISTRIBUTION COMPANY LIMITED

### Background

Assam Power Distribution Company Limited (APDCL) was formed in FY 2010 by merging three distribution entities, namely Lower, Central and Upper Assam Distribution Company, to carry out the function of distribution and retail sale of electricity in the entire state of Assam. Currently, APDCL is catering to over 26 lakh consumers in the State of Assam.

### Key Strengths

- Regulatory clarity in place, on the back of existing multi-year tariff (MYT) order for the control period FY 2014 to FY 2016, as well as tariff order for FY 2016
- Fuel and Power Purchase Price Adjustment (FPPPA) framework allows quarterly pass on of higher fuel and power purchase costs
- Favourable consumption mix, on account of a low share of agricultural connections compared to the industrial and commercial segments, which has higher unit realizations, leading to low cross-subsidization
- Moderate capital structure, supported by government grant received for capital projects

### Key Concerns

- High AT&C loss levels at 24.47% during FY 2015, although the same have improved marginally.
- Despite improvement in distribution loss over the past couple of years, the loss levels continue to remain higher than as allowed by Assam Electricity Regulatory Commission (AERC), leading to disallowance of power purchase costs, which adversely affects allowed returns
- Weak financial profile, as reflected through consistent operating level losses over the past few years
- Low cost coverage of ~0.80x in FY 2015
- Tight liquidity profile, leading to substantial build up of receivables and payables position

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- Improvement in cost coverage (which stood at 0.80x in FY 2015); utility has reported operating losses as tariffs have been inadequate to cover operating costs
- Gradual decline of subsidy dependence from State Government
- Timely realization of outstanding receivables



**B+**

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

### **Background**

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

### **Key Strengths**

- Regulatory clarity in place, with tariff order for FY 2016 in place and timely filing of tariff petition/orders
- Satisfactory progress in terms of reforms and restructuring of the sector, which includes unbundling on functional lines and corporatization
- Timely receipt of subsidy from the State Government
- Timely availability of audited accounts for FY 2015
- Improvement of public interface/quality of service e.g. special courts for anti-theft measures, establishment of call centres and e-payment facilities
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework operational, allowing increase in such 'uncontrollable' cost to be recovered from consumers
- Moderate receivables and payables, with the same having shown a declining trend over the years

### **Key Concerns**

- High level of AT&C losses at 46.5%, with marginal improvement over past few years
- While cost coverage has improved significantly over the last year, it still remains low at 0.88 for FY 2015
- High and growing dependence on subsidy support
- Moderate level of cost efficiency

### **Key Actionables**

- Reduction in AT&C losses
- Improving cost coverage by effecting frequent tariff hikes
- Reduction in the power procurement costs by entering into long term PPAs with IPPs and through strict compliance of FPPCA mechanism
- UDAY already signed. Timely implementation of the same by State Government remains critical



**B**

## **NORTH BIHAR POWER DISTRIBUTION COMPANY LIMITED**

### **Background**

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

### **Key Strengths**

- Satisfactory progress in terms of reforms and restructuring of the sector, which includes unbundling on functional lines and corporatization
- Timely receipt of subsidy from the State Government
- Regulatory clarity in place, with tariff order for FY 2016 in place and timely filing of tariff petition/orders
- Timely availability of audited financial accounts for FY 2015
- Implementation/steady progress in improvement of public interface/quality of service with measures such as special courts for anti-theft measures, dedicated IT cells, establishment of call centres and e-payment facilities
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework operational, allowing increase in such 'uncontrollable' cost to be recovered from consumers

### **Key Concerns**

- While cost coverage has improved significantly over the last year, it still remains low at 0.88 for FY 2015
- High level of AT&C losses at 36.7%, although it has shown improvement over past few years.
- High amount of receivables and payables, although the same has shown a declining trend over the years
- High and growing dependence on subsidy support
- Moderate level of cost efficiency

### **Key Actionables**

- Reducing AT&C losses by focusing on T&D loss reduction efforts in areas having higher loss levels
- Improving cost coverage by effecting frequent tariff hikes
- Reduction in the power procurement costs by entering into long term PPAs with IPPs and through strict compliance of FPPCA mechanism
- Reducing payable and receivable days
- UDAY already signed. Timely implementation of the same by State Government remains critical





## JHARKHAND BIJLI VITRAN NIGAM LIMITED

### Background

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

### Key Strengths

- Implementation of key reform measures, unbundling of erstwhile electricity board, setting-up of consumer grievance forums, special courts for power theft and e-payment facilities for consumers, etc.

### Key Concerns

- High AT&C losses at 47% in FY 2015
- Absence of audited accounts for FY 2014 and FY 2015
- Low billing efficiency of 68.9% in FY 2015
- High power purchase cost at ₹ 4.32 per unit in FY 2015
- Tariff petition for FY 2017 not filed and true-up order for FY 2014 not issued
- Low cost coverage ratio of 0.88x in FY 2015 and 0.89x in FY 2014

### Key Actionables

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





## MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED

### Background

Meghalaya Power Distribution Corporation Limited (MePDCL) has begun segregated commercial operations of power distribution as an independent entity from 1st April 2012 onwards. Previously, Meghalaya Energy Corporation Limited (MeECL) was the sole electricity utility in Meghalaya responsible for generation, transmission and distribution of electricity in the state. Although Meghalaya State Electricity Board (MSEB) was unbundled w.e.f. April 1, 2010 under “The Meghalaya Power Sector Reforms Transfer Scheme 2010”, the annual accounts of MeECL (Holding Company) for FY 2012 are for all the three functions namely generation-transmission-distribution.

### Key Strengths

- Implementation of key reform measures, unbundling of erstwhile electricity board, setting-up of consumer grievance forums, special courts for power theft and e-payment facilities for consumers, etc.
- Tariff order issued for FY 2016

### Key Concerns

- High AT&C losses at 36% in FY 2015
- Absence of audited accounts for FY 2015
- Low billing efficiency of 69% in FY 2015
- High power purchase cost at ₹ 4.83 per unit in FY 2015
- Tariff petition for FY 2017 not filed and true-up order for FY 2014 not issued
- Low cost coverage ratio of 0.74x in FY 2015 and 0.69x in FY 2014

### Key Actionables

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





## TRIPURA STATE ELECTRICITY CORPORATION LIMITED

### Background

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

### Key Strengths

- Power purchased from outside is sourced under long-term arrangement
- Timely receipt of subsidy from the State Government
- Implementation/steady progress in key reform measures such as setting up of special courts for anti-theft measures, metering of consumers along with computerized billing, setting up of customer service and dedicated IT cell head, etc.

### Key Concerns

- Continued high AT&C losses at 32.84% in FY 2015 as compared with 35.29% during FY 2014
- Delay in audit of accounts
- Unfavorable regulatory environment, such as tariff petition not filed for FY 2016
- Low cost coverage ratio
- High amount of receivables and payables
- Unbundling process not yet completed

### Key Actionables

- Reduction in AT&C loss by focusing more on circles which have high AT&C losses
- Timely audit of accounts and timely filing of tariff petition
- Achievement of high cost efficiency and increase in tariff to improve the cost coverage ratio
- 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.

### Key Strengths

- Monthly Variable Cost Adjustment (MVCA) framework for pass-on of increases in power purchase cost is operational
- Limited dependence on State Government subsidy
- Long maturity profile of outstanding debt on WBSEDCL's book, a substantial portion of which is contributed by State Government loans
- Timely finalization of audited accounts, which helps in timely release of tariff orders
- Improvement in cost coverage in FY 2015 (~0.91 times) over FY 2014 (~0.84 times)
- Favourable consumption mix, as reflected by a low share of agricultural connections as compared to the industrial and commercial segments, which have higher tariffs

### Key Concerns

- Decline in collection efficiency in FY 2015 (~94%) over FY 2014 (~97%), coupled with high distribution loss levels led to increase in overall AT&C loss levels; distribution loss levels continue to remain higher, leading to disallowance of power purchase costs, which adversely affects allowed returns
- Significant increase in short term borrowing from FY 2011 onwards, exposes it to refinancing risks, leading to deterioration in capital structure. Also with allowed carrying cost on regulatory assets being less than interest cost on WC/short term debt, leading to under-recovery of WC interest cost
- Substantial build-up of regulatory assets pertaining to increase in power purchase and employee cost due to pay revision; however, WBERC has allowed carrying cost on regulatory assets

### Key Actionables

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



**B+**

## CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LIMITED

### Background

Chhattisgarh State Power Distribution Company Limited (CSPDCL) was formed in 2009, consequent to the unbundling of Chhattisgarh State Electricity Board (CSEB). CSPDCL supplies power to the entire state of Chhattisgarh. Its consumer base stood at 42.95 lakh as at end FY 2015. As per the audited results provided for FY 2015, CSPDCL registered total revenue of ₹ 8,839 crore and net loss of ₹ 1,554 crore.

### Key Strengths

- Healthy collection efficiency at 99.84% in FY 2015
- Competitive power purchase cost at ₹ 3.55 per unit
- Tariff order issued as per the regulations for FY 2016
- Implementation/steady progress in key reform measures and strengthening of regulatory environment, near 100% metering, presence of a dedicated IT cell, special courts etc.
- Mechanism in place for automatic pass through of fuel cost

### Key Concerns

- High AT&C losses of 22.30% in FY 2015
- Low billing efficiency at 77.86% in FY 2015
- High employee cost at 22.1% of revenue in FY 2015
- Delay in filing of tariff petition for FY 2017
- Delay in payment of subsidy by the State Government
- Low cost coverage at 0.90x in FY 2015
- Elongated payables period at 139 days in FY 2015
- Delay in finalization of audited accounts

### Key Actionables

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



**A+**

## UTTAR GUJARAT VIJ COMPANY LIMITED

### Background

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

### Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage ratio and capital structure
- Healthy cash collections from the consumers, also aided by very low AT&C Loss Levels which remained at 8.53% for FY 2015
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing increase in cost to be recovered from consumers quarterly
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by GERC
- Timely submission of audited accounts by September, 2015

### Key Concerns

- Subsidy dues receivable from GoG built-up from ₹ 727.7 crore on March 31, 2010 to ₹ 3,587 crore on March 31, 2015, due to lower budgetary allocation than actual subsidy claims. On annual basis, actual subsidy received always been 100% of budgetary allocation. However, allocation been lower than actual claim leading to increase in outstanding subsidies

### Key Actionables

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



**A+**

## DAKSHIN GUJARAT VIJ COMPANY LIMITED

### Background

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

### Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage ratio and capital structure
- Healthy cash collections from the consumers, also aided by very low AT&C Loss Levels which remained at 8.91% for FY 2015
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing increase in cost to be recovered from consumers quarterly
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by GERC
- Timely submission of audited accounts by September, 2015

### Key Concerns

- Subsidy dues receivable from GoG built-up from ₹ 727.7 crore on March 31, 2010 to ₹ 3,587 crore on March 31, 2015, due to lower budgetary allocation than actual subsidy claims. On annual basis, actual subsidy received always been 100% of budgetary allocation. However, allocation been lower than actual claim leading to increase in outstanding subsidies.

### Key Actionables

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



**A+**

## MADHYA GUJARAT VIJ COMPANY LIMITED

### Background

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

### Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage ratio and capital structure
- Healthy cash collections from the consumers, also aided by low AT&C Loss Levels which remained at 10.45% for FY 2015
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing increase in cost to be recovered from consumers quarterly
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by GERC
- Timely submission of audited accounts by September, 2015

### Key Concerns

- Subsidy dues receivable from GoG built-up from ₹ 727.7 crore on March 31, 2010 to ₹ 3,587 crore on March 31, 2015, due to lower budgetary allocation than actual subsidy claims. On annual basis, actual subsidy received always been 100% of budgetary allocation. However, allocation been lower than actual claim leading to increase in outstanding subsidies

### Key Actionables

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



**A**

## PASCHIM GUJARAT VIJ COMPANY LIMITED

### Background

The Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies, namely Gujarat Urja Vikas Nigam Limited (GUVNL) - the holding company, Gujarat State Electricity Corporation Limited (GSECL) - generation company, Gujarat Energy 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 capital structure
- Healthy cash collections from the consumers
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational, allowing increase in cost to be recovered from consumers quarterly
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by GERC
- Timely submission of audited accounts by September, 2015

### Key Concerns

- High AT&C loss levels, which have increased from 23.9% in FY 2014 to 24.8% in FY 2015
- Subsidy dues receivable from GoG built-up from ₹ 727.7 crore on March 31, 2010 to ₹ 3,587 crore on March 31, 2015, due to lower budgetary allocation than actual subsidy claims. On annual basis, actual subsidy received always been 100% of budgetary allocation. However, allocation been lower than actual claim leading to increase in outstanding subsidies

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by GERC
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Gujarat through higher budget provision going forward
- Leverage benefits available under UDAY



## MADHYA PRADESH POORV KSHETRA VIDYUT VITARAN COMPANY LIMITED

### Background

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

### Key Strengths

- Competitive power purchase cost of ₹ 4 per unit in FY 2015
- Timely receipt of subsidy from State Government
- Fuel cost adjustment framework is operational
- Lower reliance on external debt
- Almost 100% sourcing of power through LT sources

### Key Concerns

- High AT&C losses at 24.36% in FY 2015
- Low billing efficiency at 78% in FY 2015
- High employee cost at 12.72% of revenue in FY 2015
- Delay in filing of tariff petition for FY 2017 and issuance of true up order for FY 2014
- Low cost coverage of 0.81x in FY 2015
- Elongated collection period and low level of metering

### Key Actionables

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

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

### Key Strengths

- Competitive power purchase cost of ₹ 4 per unit in FY 2015
- Almost 100% sourcing of power through LT sources
- Timely receipt of subsidy from the State Government
- Fuel cost adjustment framework is operational
- No untreated revenue gap as per the tariff order
- Lower reliance on external debt

### Key Concerns

- Deterioration in AT&C losses at 23.82% in FY 2015
- Low billing efficiency at 79% in FY 2015
- Delay in filing of tariff petition for FY 2017 and issuance of true up order for FY 2014
- Low cost coverage of 0.85x in FY 2015
- Elongated collection period and low level of metering at 76% in FY 2015

### Key Actionables

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



## MADHYA PRADESH MADHYA KSHETRA VIDYUT VITARAN COMPANY LIMITED

**B**

### Background

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

### Key Strengths

- Competitive power purchase cost of ₹ 3.9 per unit in FY 2015
- Almost 100% power sourcing through LT sources
- Healthy collection efficiency of 98.31% in FY 2015
- Timely receipt of subsidy from the State Government
- Fuel cost adjustment framework is operational
- No untreated revenue gap as per the tariff order
- Lower reliance on external debt

### Key Concerns

- High AT&C losses at 26.55% in FY 2015 & low billing efficiency at 75% in FY 2015
- Delay in filing of tariff petition for FY 2017 and issuance of true up order for FY 2014
- Low cost coverage of 0.69x in FY 2015
- Elongated collection period and low consumer metering at 81% in FY 2015

### Key Actionables

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



## MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

**B+**

### Background

The Government of Maharashtra unbundled and restructured the erstwhile Maharashtra State Electricity Board (MSEB) with effect from 6<sup>th</sup> 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

- MSEDCL is the first utility in the country to successfully demonstrate the implementation of distribution franchisee scheme in 2007, which is also being implemented in other circles of the cities namely, Jalgaon, Aurangabad, & Nagpur since May 2011
- Fuel Adjustment Cost (FAC) mechanism with a ceiling in place
- Compliance with RPO target level in place to a large extent
- Tariff determination for FY 2016 in place

### Key Concerns

- Increased AT&C losses in FY 2015
- Weak cost coverage indicators in FY 2015 due to 20% tariff subsidy for about 11 month period (till Nov 2014) by State Government for all the consumers
- Increased leveraging levels, due to further reduction in net worth in FY 2015 following a provision of ₹ 679 crore for RPO fund
- Significant dependence on subsidy support from State Government, which has also seen an increasing trend due to rise in cost of power supply & continuing subsidized nature of tariff towards agriculture category
- Cost of supply remains vulnerable due to dependence on short term sources of power, given the continuing power deficit situation in the state
- Sharp increase in debtor levels in FY 2015 due to rise in overdue receivables
- Delays in submission of audited accounts in FY 2015

### Key Actionables

- Improvement in AT&C loss levels
- To recover the outstanding dues and ensure healthy collection efficiency
- To submit tariff petitions and true-up petitions in a timely manner
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by MERC
- To ensure availability of audited accounts in a timely manner



## EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

**B+**

### Background

On February 1, 1999, the Government of Andhra Pradesh (GoAP) initiated the first phase of reforms and restructuring in AP's power sector by unbundling erstwhile APSEB into APGENCO and APTRANSCO to cater the generation and transmission & distribution respectively. APTRANSCO was further reorganized into four distribution companies to cater to the needs of the different districts of erstwhile Andhra Pradesh (AP). Accordingly, The Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) was formed on March 31, 2000 and is engaged in 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 and caters to consumer base of about 50 lakh.

### Key Strengths

- Very Low level of AT&C losses of 7.86% in FY 2015
- Healthy billing efficiency at 95.21% in FY 2015
- Timely receipt of tariff subsidy from the Government of Andhra Pradesh (GoAP)
- Tariff order issued as per the regulations for FY 2016
- Implementation of key reform measures such anti-theft measures, customer service, call center, etc.

### Key Concerns

- High power purchase cost at ₹ 4.26 per unit in FY 2015
- Delay in filing of tariff petition for FY 2017 and issuance of true up order for FY 2014
- High employee cost at 14.3% of revenue in FY 2015
- Deterioration in cost coverage to 0.87x in FY 2015

### Key Actionables

- Continued maintenance of low level of AT&C losses as well as the billing efficiency
- Rationalization of power purchase cost by higher sourcing through long-term sources
- Timely filing of tariff petition and issuance of true-up order



## SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

**B**

### Background

On February 1, 1999, the Government of Andhra Pradesh (GoAP) initiated the first phase of reforms and restructuring in AP's power sector by unbundling erstwhile APSEB into APGENCO and APTRANSCO to cater the generation and transmission & distribution respectively. APTRANSCO was further reorganized into four distribution companies to cater to the needs of the different districts of erstwhile Andhra Pradesh (AP). In this process, Andhra Pradesh Southern Electricity Distribution Company was formed in April 1, 2000, to serve Krishna, Guntur, Prakasam, Nellore, Chittoor and Kadapa districts. 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

- Healthy billing efficiency at 90% in FY 2015
- Timely receipt of tariff subsidy from the Government of Andhra Pradesh (GoAP)
- Tariff order issued as per the regulations for FY 2016
- Implementation of key reform measures such as anti-theft measures, customer service, call center, etc.
- Well managed receivable period of 56 days

### Key Concerns

- Deterioration in AT&C losses during FY 2015 to 19.38%
- Decline in collection efficiency to 89.91% in FY 2015
- High power purchase cost at ₹ 4.42 per unit in FY 2015
- Delay in filing of tariff petition for FY 2017 and non-issuance of true up order for FY 2014
- High employee cost at 14.4% of revenue in FY 2015
- Deterioration in cost coverage to 0.78x in FY 2015

### Key Actionables

- AT&C losses to be reduced through suitable improvement in collection efficiency
- Rationalization of power purchase cost by higher sourcing through long-term sources
- Timely filing of tariff petition and issuance of true-up order
- Cost coverage to be improved through suitable tariff increase and curtailment of costs



**A**

## **MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**

### **Background**

Government of Karnataka initiated reform process in the state power sector during 1999-2000 with enactment of Karnataka Electricity Reforms Act (KERA) 1999. As part of these reforms, Karnataka Electricity Regulatory Commission (KERC) was set up in November 1999 and the 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**

- Best among Karnataka DISCOMs in distribution losses and metering aided by favorable consumer profile
- Improvement in cost coverage ratio in FY 2015 led by higher tariff realization & lower cost of supply
- Regulatory clarity in the State, with presence of multi-year tariff regime along with regular tariff filings and tariff orders issuance
- Timely availability of audited financial accounts for FY 2015
- 100% RPO compliance achieved in FY 2015
- More than 90% of power purchased through long term power purchase agreements in FY 2015

### **Key Concerns**

- Tariff petition for FY 2017 has been filed with a delay of 15 days
- High level of O&M and employee expenses as a proportion of revenues
- High level of receivable and payable days; MESCOM has been delaying on payments to state generation utility Karnataka Power Corporation Limited (KPCL)

### **Key Actionables**

- Continued maintenance of low AT&C loss levels.
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KERC
- To recover the outstanding dues and ensure healthy collection efficiency
- To ensure timely payments to power generating companies
- To submit tariff petitions in a timely manner



**A**

## **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**

### **Background**

Government of Karnataka initiated reform process in the state power sector during 1999-2000 with enactment of Karnataka Electricity Reforms Act (KERA) 1999. As part of these reforms, Karnataka Electricity Regulatory Commission (KERC) was set up in November 1999 and the erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### **Key Strengths**

- BESCOM's AT&C loss level has remained satisfactory and shown a declining trend and is above average among all Karnataka DISCOMs
- Largest DISCOM in Karnataka accounting for 45-50% of total energy sales; Consumer profile is also favorable with good mix of HT and Commercial consumers
- Improvement in cost coverage ratio during FY 2015 led by higher tariff realization per unit
- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- Timely availability of audited financial accounts for FY 2015
- 100% RPO compliance in FY 2015

### **Key Concerns**

- Tariff petition for FY 2017 has been filed with a delay of 15 days
- Increase in cost of power procurement in FY 2015 vis-à-vis FY 2014
- High level of pending receivables

### **Key Actionables**

- To continue to focus on loss reduction efforts in areas having higher loss levels
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KERC
- To recover the outstanding dues and ensure healthy collection efficiency
- To submit tariff petitions in a timely manner



**A**

## CHAMUNDESHWARI ELECTRICITY SUPPLY CORPORATION LIMITED

### Background

Government of Karnataka initiated reform process in the state power sector during 1999-2000 with enactment of Karnataka Electricity Reforms Act (KERA) 1999. As part of these reforms, Karnataka Electricity Regulatory Commission (KEREC) was set up in November 1999 and the erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### Key Strengths

- Improvement in AT&C loss levels during FY 2015
- Improvement in cost coverage in FY 2015 led by higher tariff realization and lower cost of supply
- Regulatory clarity in the State, with presence of multi-year tariff regime along with regular tariff filings and tariff orders issuance
- 100% RPO Compliance achieved in FY 2015
- Timely availability of audited financial accounts for FY 2015

### Key Concerns

- Financial profile constrained by weak capital structure owing to accumulated losses, high receivable and payable days
- High level of employee expenses as a proportion of revenues
- Tariff petition for FY 2017 has been filed with a delay of 15 days

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency, collection efficiency and higher metering.
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KEREC
- To recover the outstanding dues and ensure healthy collection efficiency
- To ensure timely payments to power generating companies
- To submit tariff petitions in a timely manner



**B+**

## HUBLI ELECTRICITY SUPPLY COMPANY LIMITED

### Background

Government of Karnataka initiated reform process in the state power sector during 1999-2000 with enactment of Karnataka Electricity Reforms Act (KERA) 1999. As part of these reforms, Karnataka Electricity Regulatory Commission (KERC) was set up in November 1999 and the erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### Key Strengths

- Improvement in cost coverage ratio in FY 2015 led by higher tariff realization and lower cost of supply
- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- 100% RPO Compliance achieved in FY 2015
- Timely availability of audited financial accounts for FY 2015

### Key Concerns

- High level of AT&C losses owing to high distribution loss levels and Moderate collection efficiency
- Weak financial profile marked by high accumulated losses and high receivable and payable days
- Tariff petition for FY 2017 has been filed with a delay of 15 days
- Delays in meeting debt servicing obligations

### Key Actionables

- Reduction in AT&C losses through improvement in billing efficiency, collection efficiency and higher metering
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KERC
- To recover the outstanding dues and ensure healthy collection efficiency
- To ensure timely payments to power generating companies
- To ensure timely payments to lenders
- To file tariff petition in a timely manner



**B**

## **GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**

### **Background**

Government of Karnataka initiated reform process in the state power sector during 1999-2000 with enactment of Karnataka Electricity Reforms Act (KERA) 1999. As part of these reforms, Karnataka Electricity Regulatory Commission (KEREC) was set up in November 1999 and the erstwhile Karnataka Electricity Board (KEB) was unbundled on functional lines into a transmission & distribution company called Karnataka Power Transmission Corporation Limited (KPTCL) and a generating company called Visvesvaraya Vidyuth Nigam Limited (VVNL) in April 2000. Thereafter, KPTCL was further unbundled into 5 independent companies effective from June 1, 2002, with one transmission company named KPTCL and four distribution companies namely Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM). Later in November 2005, erstwhile MESCOM was split-up into two companies namely MESCOM and Chamundeshwari Electricity Supply Corporation Limited (CESCOM).

### **Key Strengths**

- Improvement in cost coverage ratio during FY 2015 led by higher tariff realization per unit
- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- More than 90% of power procured through long term power purchase agreements in FY 2015

### **Key Concerns**

- High level of AT&C losses owing to high distribution loss levels and moderate collection efficiency
- Weak financial profile marked by net losses, high receivable and payable days
- Non-compliance of the RPO target during FY 2015
- Tariff petition for FY 2017 has been filed with a delay of 15 days
- Delay in submission of audited accounts for FY 2015

### **Key Actionables**

- Reduction in AT&C losses through improvement in billing efficiency and collection efficiency
- To improve cost coverage by bringing down the actual costs in line with the levels allowed by KEREC
- To recover the outstanding dues and ensure healthy collection efficiency
- To ensure timely payments to power generating companies
- To submit tariff petitions in a timely manner
- To ensure availability of audited accounts in a timely manner and make provisions for employee related benefits as per standard accounting principles.



**B+**

## **KERALA STATE ELECTRICITY BOARD LIMITED**

### **Background**

The Government of Kerala has incorporated a company, namely, KSEBL with three Strategic Business Units under the company to carry out the functions of transmission, generation and distribution of the power vide a notification in the Gazette (G.O. (P) No 46/2013 dated October 31, 2013). The Government of Kerala vide its notification in the Gazette (G.O. (P) No 3/2015/PD dated January 28, 2015) has notified the assets and liabilities of KSEBL as on November 1, 2013.

### **Key Strengths**

- Satisfactory level of AT&C losses at 14.33% in FY 2015
- Timely payment of subsidy by the State Government
- 100% consumer metering
- Efficient service by implementation of Anti-theft measures, establishment of special courts, e-payment facilities, effective collection mechanism in place resulting in collection efficiency of around 99% in FY 2015
- Adequate supply of power in rural areas

### **Key Concerns**

- No unbundling on functional lines
- Audited accounts for FY 2014 and FY 2015 not available
- High power purchase cost at ₹ 4.51 per unit in FY 2015
- High employee expenses and relatively high O&M cost
- Tariff petition for FY 2017 not filed, tariff order for FY 2016 and true-up order for FY 2014 not issued

### **Key Actionables**

- Continued maintenance of low level of AT&C losses
- Finalization of audited accounts in a timely manner
- Timely filing of tariff petition and true up petitions and issuance of relevant regulatory orders
- Controlling various operating expenses to improve cost efficiency





## TAMIL NADU GENERATION & DISTRIBUTION CORPORATION LIMITED

### Background

Vide order G.O.(Ms).No.100 dated October 19, 2010 of the Tamil Nadu Electricity (Reorganization and Reforms) Transfer Scheme 2010 issued by the Government of Tamil Nadu, the erstwhile Tamil Nadu Electricity Board was reorganized into TNEB Limited, Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and Tamil Nadu Transmission Corporation Limited (TANTRANSCO). As a 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 Concerns

- High financial risk profile with increasing cash losses, poor capital structure with accumulated losses of over ₹ 65,000 crore as on March 31, 2015
- No tariff petition filed by TANGEDCO for FY 2015, FY 2016 & FY 2017
- Notwithstanding the tariff revision with effect from Dec 2014 (vide suo-motu order), the Discom reported FY 2015 with losses of ~ ₹ 12,000 crore; No tariff order issued for FY 2016
- Lack of further power sector reforms as reflected in unsatisfactory progress on consumer metering besides continuance of free/subsidized power schemes
- Dependence on tariff subsidy from GoTN has increased substantially; hence, the utility is increasingly exposed to the credit risk of GoTN for its functioning
- High average cost of supply due to the large quantum of power purchased from traders and from uncompetitive IPPs; commissioning of the new plants and the resultant increase in own generating capacity/ share of central generating stations would aid in reducing the supply costs
- Deterioration in AT&C losses from 21.7% in FY 2014 to 24.4% in FY 2015

### Key Actionables

- Long Term Turnaround plan to be formulated and implemented for achieving turnaround. GoTN to provide necessary support to reduce high interest burden and losses
- To submit tariff petitions and true-up petitions in a timely manner. Timely filing of FPPCA
- To improve cost coverage by bringing down the cost of generation
- Commissioning of own generating plants without further delays critical for improvement in cost efficiency
- High AT&C loss levels. Both billing efficiency (77.98%) and collection efficiency (97%) needs improvement
- 100% metering – consumer, feeder and DTR metering





## SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

### Background

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

### Key Strengths

- Significant improvement in AT&C losses in FY 2015 to 11.30% due to better collection efficiency
- Healthy billing efficiency of 88.70% in FY 2015
- Timely receipt of tariff subsidy
- Moderate cost coverage of 0.96x in FY 2015
- Implementation of key reform measures

### Key Concerns

- High power purchase cost of ₹ 4.63 per unit in FY 2015
- Sourcing of power through LT sources stood low at 83% in FY 2015
- Delay in filing of ARR for FY 2017
- Automatic pass through of fuel cost mechanism not implemented
- Delay in finalization of audited accounts

### Key Actionables

- Continued maintenance of reduced level of AT&C losses and healthy collection efficiency
- Timely finalization of audited accounts
- Timely filing of ARR by November 30 for the next financial year
- Rationalization of power purchase cost by higher sourcing through long-term sources
- Implementation of a mechanism for automatic pass through of power cost



## NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

**B+**

### Background

The Northern Power Distribution Company of Telangana Limited (TSNPDCL), erstwhile APNPDCL (Andhra Pradesh Northern Power Distribution Company Limited) was incorporated under the Companies Act, 1956 as a Public Limited Company on March 30, 2000 to carry out electricity distribution business as part of the unbundling of erstwhile APSEB. The company caters the electricity supply to Warangal, Karminagar, Khammam, Nizamabad and Adilabad districts. Consequent on enactment of Andhra Pradesh (AP) Reorganisation 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 reaches out to a consumer base of 155.22 lakh spread across hamlets, villages, towns and cities.

### Key Strengths

- AT&C losses improved to 16.04% in FY 2015 from 22.37% in FY 2014
- Healthy improvement in collection efficiency to 96.79% in FY 2015
- Tariff order issued as per the regulations for FY 2016
- Timely receipt of tariff subsidy
- Implementation of key reform measures

### Key Concerns

- High power purchase cost at ₹ 4.67 per unit in FY 2015
- Sourcing of power through LT sources stood low at 76% in FY 2015
- High employee cost at 12.72% of revenue in FY 2015
- Low consumer metering at 80% in FY 2015
- Tariff petition for FY 2017 not filed
- Significant dip in cost coverage to 0.76x in FY 2015
- Delay in finalization of audited accounts

### Key Actionables

- Continuation of reduction in AT&C losses and further improvement in collection efficiency
- Level of consumer metering to be increased
- Timely filing of tariff petition and finalization of audited accounts
- Higher proportion of long term PPAs for meeting power purchase requirements
- Cost coverage to be improved through suitable tariff increase and rationalization of costs



## Section IV Key Findings





## KEY FINDINGS

- Cost coverage ratio for most entities (26 out of 40 rated) remained low (<0.90) due to substantial increase in expenses and non-cost reflective tariffs.
- The median Cost Coverage has however improved to 0.85 during the fourth rating exercise as compared to 0.80 in the third rating exercise. Overall, 27 power distribution entities (out of a total of 40) have shown improvement in their cost coverage ratios. Out of these, 12 discoms have shown improvement of more than 10% in their cost coverage ratio. Out of the 13 discoms reporting decline in cost coverage ratio, 3 have shown a decline of more than 10%.
- Gujarat was the best performer on cost coverages. Five power distribution entities have shown more than 15% improvement in this parameter and these include Chamundeshwari Electricity Supply Corporation Limited, Kanpur Electricity Supply Company Limited, South Bihar Power Distribution Company Limited, Dakshinanchal Vidyut Vitran Nigam Limited and Ajmer Vidyut Vitran Nigam Limited; while Northern Power Distribution Company of Telangana Ltd and Uttarakhand Power Corporation Limited have shown more than 15% deterioration in their cost coverage ratio.
- 20 of the rated power distribution entities have shown an improvement in their Aggregate Technical & Commercial (AT&C) loss levels during FY 2015 (over the previous year). 10 utilities have reported AT&C loss levels within 15% during 2015 as compared to 7 utilities during 2014.
- The median loss level has declined to 24.82% in the current rating exercise from 25.08% in the third rating exercise after coming down from 26.19% in the second rating exercise and 26.55% in the first rating exercise.
- Seven utilities have been able to achieve more than 10% reduction in this parameter and these include Eastern Power Distribution Company of AP Limited, Madhya Gujarat Vij Company Limited, Southern Power Distribution Company of Telangana Ltd, Bangalore Electricity Supply Company Limited, Northern Power Distribution Company of Telangana Ltd, Chamundeshwari Electricity Supply Corporation Limited and Kanpur Electricity Supply Company Limited.
- Ten utilities including Southern Power Distribution Company of AP Limited, Maharashtra State Electricity Distribution Company Limited, Hubli Electricity Supply Company Limited, MP Pashchim Kshetra Vidyut Vitaran Company Ltd, Tamil Nadu Generation and Distribution Corporation Limited, Ajmer Vidyut Vitran Nigam Limited, Madhyanchal Vidyut Vitran Nigam Limited, Meghalaya Power Distribution Corporation Limited, Purvanchal Vidyut Vitran Nigam Limited and Jharkhand Bijli Vitran Nigam Ltd have shown deterioration of more than 10%. Few utilities have also seen deterioration in AT&C losses because of increased rural supplies.
- In terms of regulatory environment, Tariff Orders for FY 2016 for 6 utilities have not been issued (including states of Kerala, Rajasthan, Tamil Nadu and Tripura); while for the states of Assam, Jharkhand, Maharashtra, Uttar Pradesh and West Bengal tariff order has been issued with



significant delays. For the third rating exercise, Tariff Orders were not issued for the states of Maharashtra, Andhra Pradesh, Jharkhand & Telangana; while for the states of Tamil Nadu, West Bengal & Rajasthan tariff order were issued with significant delays. For the second rating exercise Tariff order for FY 2014 were issued for all states except Maharashtra. During the first rating exercise, Tariff Orders for all the states for the year FY 2013 had been issued.

- There has been a decline in terms of the number of utilities which have timely filed tariff petition for FY 2017, with 12 utilities (out of 40) filing the tariff petition in a timely manner during the current rating exercise. The corresponding numbers for the third, second and first rating exercises were 15, 21 and 7, respectively.
- In terms of availability of audited accounts for FY 2015, 27 out of a total of 40 utilities have submitted audited annual accounts for FY 2015 during the current rating exercise as against 28 utilities (submission of accounts for FY 2014) during the third annual rating exercise conducted last year.
- Regulatory clarity gradually appearing in the state power sector with SERCs in place across all 21 states covered by ICRA and CARE.
- Finally, most of the utilities have shown greater cooperation in terms of submission of information and facilitating meetings and discussions.



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





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

### **1. Background**

Distribution function is a crucial link in the electricity chain as it provides the last mile connectivity in the Electricity Sector. With most of the country's distribution business coming under the stressed 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. The state power distribution sector today presents a grim scenario with mounting financial losses and is plagued by operational and cost inefficiencies besides regulatory infirmities.

With increasing losses, and inadequate support from the State Govt., most of the State Distribution Utilities have been forced to increase their level of borrowings, mostly bank borrowings, beyond their sustainable limits. Banks in the past have generally relied on sovereign guarantees for taking loan exposures to the State Power Distribution utilities and have continued to increase their lending exposure sizably. As on date a major portion of the losses of state distribution utilities are funded by bank borrowings, mostly short term borrowings.

### **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, customer interface, etc. carry weightage of 47% and the financial parameters viz. cost coverage ratio, payables, receivables, timely submission of audited accounts, etc. carry weightage of 33%. External parameters relating to regulatory environment, State Govt. subsidy support, etc. have been assigned weightage of 20%.

It is essential that state governments and power distribution utilities adhere to certain minimum requirements which are mandatory as per law or otherwise. The methodology provides for assigning negative marks for non-compliance



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

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



### 3. Integrated rating methodology

#### (i) Summary of Rating Parameters

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



(ii) Definitions

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

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



(iii) Scoring Methodology

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



S.N.	Parameters	Score
<b>1.</b>	<b>Operational &amp; Reform Parameters</b>	<b>47</b>
<b>I.</b>	<b>Operational related</b>	
<b>c</b>	<b>Collection Efficiency</b>	<b>5</b>
	<i>Marks for absolute level</i>	
	More than or equal to 100%	5
	Between 90 to 100%	Proportionate
<b>ii)</b>	<b>Power Purchase</b>	<b>6</b>
<b>a</b>	<b>Power purchase planning &amp; procurement</b>	<b>2</b>
	More than 90% power purchase through long term PPA	2
	Between 85% to 90% power purchase through long term PPA	1
<b>b</b>	<b>Cost Competitiveness of Power Purchase</b>	<b>4</b>
	$\frac{\{ACP \text{ in FY(T -2) - ACP in FY(T -1)}\}}{\{ACP \text{ in FY(T -2)-Benchmark ACP}\}}$ Where, ACP= Average Cost of Power Purchase, Benchmark ACP= Rs 4/unit, T = Rating Exercise Year, T-1=Rating Evaluation Year	
	If the above ratio $\geq 1$	4
	If the above ratio is between 0 to 1	Proportionate
	If the above ratio $\leq 0$	0
	<p><b>Notes:</b> *In all cases where ACP in FY T-1<math>\leq</math>Rs. 4/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</p>	
<b>iii)</b>	<b>Cost Efficiency</b>	<b>6</b>
<b>a</b>	<b>O&amp;M &amp; Adm. costs (Excl. Employee cost) / Revenue (Sale of Power+Revenue subsidy)</b>	<b>3</b>
	Between 1% to 2%	3
	Between 2% to 3%	2
	Between 3% to 4%	1
	More than 4%	0
<b>b</b>	<b>Employee cost / Revenue (Sale of Power+Revenue subsidy)</b>	<b>3</b>
	<i>For Discoms</i>	
	Between 0% to 5%	3
	Between 5% to 7.5%	2
	Between 7.5% to 10%	1
	More than 10%	0
	<i>For Gedcos</i>	
	Between 0% to 7%	3
	Between 7% to 9%	2
	Between 9% to 12%	1
	More than 12%	0



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



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



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

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



S.No.	Parameters	Score
<b>3.</b>	<b>Financial Parameters</b>	<b>33</b>
<b>V</b>	<b>Audited Accounts</b>	<b>5</b>
	<b>Availability of Audited Annual Accounts (Statutory Audit)</b>	
	FY (T-1) (2014-15) Audited accounts made available by;	
	30th September of FY(T) (2015-16)	5
	31st October of FY(T) (2015-16)	4
	30th November of FY(T) (2015-16)	3
	31st December of FY(T) (2015-16)	2
	31st January of FY(T) (2015-16)	1
	FY (T-1) (2014-15) Audited accounts made available after 31st January of FY(T) (2015-16) / not available beyond 31st January of FY(T) (2015-16) <i>*Only for the Fourth Integrated Rating exercise, the stipulated date of 31<sup>st</sup> Jan 2016 would be extended to 7<sup>th</sup> March 2016</i>	-6
	FY (T-2) (2013-14) Audited accounts made available after 6 months of FY (T-1) (2014-15) i.e. beyond 30th September of FY(T) (2015-16)	-9
	FY (T-2) (2013-14) Audited accounts made available after 9 months of FY (T-1) (2014-15) i.e. beyond 31st December of FY(T) (2015-16) / not available beyond 31st December of FY(T) (2015-16)	-12
<p><i>Note1: Where latest audited accounts (i.e. FY (T-1)) have been made available, then marks assigned for the same shall be the final marks considered for the parameter (irrespective of any negative marks that may be applicable for late submission of previous years accounts)</i></p> <p><i>Note 2: Where latest audited accounts (i.e. FY (T-1)) have not been made available then the marks assignable w.r.t. earliest year for which audited accounts are not available shall be the final marks to be awarded (irrespective of negative marks that may apply for subsequent years also i.e. negative marks are not additive)</i></p>		
<b>VI</b>	<b>Audit Qualifications</b>	<b>0</b>
	Non-provision / payment of Employee related liabilities / Statutory dues in the accounts.	-1
<b>VII</b>	<b>Default to Banks / Fls</b>	
	in FY (T-1) year	-1
	in both FY (T-1) & FY (T-2)	-2



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

**Miscellaneous Note:**

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

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

Where;

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

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

Total Borrowings = Long term debt + Short term Debt

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

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