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UTTAR GUJARAT VIJ COMPANY LIMITED

Background

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

Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from the State Government
- Comfortable cost coverage, interest coverage ratio and capital structure
- Satisfactory AT&C Loss Levels which remained at 6.88% in FY 2020
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC for the discoms
- Low receivable and payable days

Key Concerns

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

Key Actionables

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

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DAKSHIN GUJARAT VIJ COMPANY LIMITED

Background

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

Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage, interest coverage ratio and capital structure
- Satisfactory AT&C Loss Levels which remained at 6.22% for FY 2020
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC for the discoms

Key Concerns

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

Key Actionables

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

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MADHYA GUJARAT VIJ COMPANY LIMITED

Background

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

Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage, interest coverage ratio and capital structure
- Satisfactory AT&C loss levels which remained at 11.31% in FY 2020
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC for the discoms
- Low receivable and payable days

Key Concerns

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

Key Actionables

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

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PASCHIM GUJARAT VIJ COMPANY LIMITED

Background

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

Key Strengths

- Consistent track record of profitable operations aided by cost reflective tariffs, healthy cash collections and adequate subsidy support from State Government
- Comfortable cost coverage, interest coverage ratio and capital structure
- Fuel & Power Purchase Cost Adjustment (FPPCA) framework is operational
- Regulatory clarity in place, with timely filing of tariff petitions by discoms and issuance of tariff orders by the GERC for the discoms
- Low receivable and payable days

Key Concerns

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

Key Actionables

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

MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED

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Background

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

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

Key Concerns

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

Key Actionables

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

MADHYA PRADESH POORV KSHETRA VIDYUT VITARAN COMPANY LIMITED



Background

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

Key Strengths

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

Key Concerns

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

Key Actionables

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

MADHYA PRADESH MADHYA KSHETRA VIDYUT VITARAN COMPANY LIMITED

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Background

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

Key Strengths

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

Key Concerns

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

Key Actionables

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

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

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Background

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

Key Strengths

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

Key Concerns

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

Key Actionables

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

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED



Background

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

Key Strengths

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

Key Concerns

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

Key Actionables

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