

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

B

Background

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

Key Strengths

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

Key Concerns

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

Key Actionables

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

B+

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

Background

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

Key Strengths

- Largest DISCOM in Karnataka; Consumer profile is favorable with good mix of HT and Commercial consumers
- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- Consistent improvement in billing efficiency from last three years

Key Concerns

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

Key Actionables

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

B+

MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

Background

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

Key Strengths

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

Key Concerns

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

Key Actionables

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

B+

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

Background

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

Key Strengths

- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- Substantial reduction in AT&C losses due to improvement in billing and collection efficiency in FY 2020
- Power procurement from long-term sources remained higher than 95%

Key Concerns

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

Key Actionables

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

B

CHAMUNDESHWARI ELECTRICITY SUPPLY CORPORATION LIMITED

Background

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

Key Strengths

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

Key Concerns

- Increase in AT&C losses in FY 2020 due to deterioration in collection efficiency
- High dependence on subsidy support; subsidy receipts from Government of Karnataka (GoK) remain less than 100% in FY 2020
- Low cost coverage ratio at 0.91x in FY 2020
- High level of O&M and employee expenses as a proportion of revenues
- High level of receivable and payable days

Key Actionables

- To continue to focus on loss reduction efforts in areas having higher loss levels and improving collection efficiency
- To improve subsidy collection levels and clear the pending subsidy claims from Government of Karnataka going forward
- To improve cost coverage ratio
- To improve on employee cost efficiency
- Reduction in receivable and payable days

B+

HUBLI ELECTRICITY SUPPLY COMPANY LIMITED

Background

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

Key Strengths

- Regulatory clarity in the State, with multi-year tariff regime in place and regular tariff filings and tariff orders issuance observed
- Significant improvement in AT&C loss levels to 15.2% in FY 2020
- Procurement from long-term sources constitutes 100% of power requirement in FY2020; Average power purchase cost at ₹ 4.35 per unit in FY 2020 is below the benchmark
- Significant improvement in cost coverage ratio in FY 2020 owing to more than 100% of subsidy receipt

Key Concerns

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

Key Actionables

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

B+

KERALA STATE ELECTRICITY BOARD LIMITED

Background

Erstwhile Kerala State Electricity Board (KSEB) was corporatized and was incorporated as Kerala State Electricity Board Limited (KSEBL) under the Companies Act, 1956 on January 14, 2011. It started operations as an independent company with effect from October 31, 2013. KSEBL is in the business of Generation, Transmission and Distribution of electricity to all classes of consumers in the state of Kerala. The installed power generation capacity of KSEBL was 2287.64 MW as on March 31, 2020, of which hydel constituted the major portion. The total energy consumption within the state was 22,672 million units (MUs) during FY 2020.

Key Strengths

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

Key Concerns

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

Key Actionables

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



TAMIL NADU GENERATION & DISTRIBUTION CORPORATION LIMITED

Background

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

Key Strengths

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

Key Concerns

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

Key Actionables

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

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

Background

Southern Power Distribution Company of Telangana Limited (TSSPDCL), erstwhile APCPDCL (Andhra Pradesh Central Power Distribution Company Limited) is operating in the state of Telangana covering fifteen districts and catering to over 9.2 million consumers. Erstwhile APCPDCL was formed on March 31, 2000. Consequent on enactment of Andhra Pradesh (AP) Reorganization Bill, 2014, the name of the Company has been changed to Southern Power Distribution Company of Telangana Limited with effect from June 02, 2014. Presently TSSPDCL operates as a distribution licensee in the southern part of Telangana covering fifteen districts, i.e. Hyderabad, Sangareddy, Medak, Siddipet, Mahabubnagar, Wanaparthy, Nagarkurnool, Gadwal, Nalgonda, Suryapet, Yadadri, Rangareddy, Vikarabad, Medchal and Narayanpet.

Key Strengths

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

Key Concerns

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

Key Actionables

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