

Gujarat DISCOMs tops the Ratings of Best Performing State Power Distribution Utilities done at the behest of Ministry of Power, Govt. of India

The Integrated rating methodology for State Power Distribution Utilities was developed by Ministry of Power (MoP) and unveiled in the State Power Ministers conference held in July 2012. The methodology was developed by MoP keeping in view poor financial health of State Distribution utilities and the need to base future funding exposures on an objective rating mechanism. The main objectives of developing the integrated rating methodology for the state distribution utilities are:

To devise a mechanism for incentivising/dis-incentivising the entities in order to improve their operational & financial performance.

To facilitate realistic assessment by Banks/FIs of the risks associated with lending exposures to various distribution utilities and enable funding with appropriate loan covenants for bringing improvement in operational, financial and managerial performance.

May serve as a basis for Govt. assistance to the state power sector through various schemes like RAPDRP, NEF, etc.

Ministry of Power through Power Finance Corporation (PFC) engaged ICRA & CARE to carry out the rating exercise. In all 39 Utilities have been rated by ICRA () and CARE (). Following broad parameters have been used for rating the utilities:

Sr. No.	Parameter	Weightage
1	Financial Performance	63
2	Audited Accounts	5, -12
3	Cross Subsidy	0, -2
4	Reform Measures-Unbundling & Corporatisation	0, -5
5	Regulatory Environment	15, -15
6	Forward Looking Parameters	5, -1
7	Incentive / Bonus Marks	12
		100

Scores have been assigned both on the basis of absolute & relative improvement in operational and financial performance parameters.

GRADING SCALE AND GRADES

Score Distribution	Grade	No. of Utilities	Grading Definition
Between 80 and 100	A+	4	Very High Operational and Financial Performance Capability
Between 65 and 80	A	2	High Operational and Financial Performance Capability
Between 50 and 65	B+	11	Moderate Operational and Financial Performance Capability
Between 35 and 50	B	10	Below Average Operational and Financial Performance Capability
Between 20 and 35	C+	8	Low Operational and Financial Performance Capability
Between 0 and 20	C	4	Very Low Operational and Financial Performance Capability

ICRA and CARE noted the very high Operational and Financial performance of four distribution Utilities of Gujarat State, viz Dakshin Gujarat Vij Company Ltd, Uttar Gujarat Vij Company Ltd., Madhya Gujarat Vij Company Ltd. and Paschim Gujarat Vij Company Ltd. in the order of scoring and all four of them have been assigned the highest A+ grade.

Hon'ble Union Power Minister Shri Jyotiraditya Scindia unveiled the ratings at a function held in New Delhi on 19th March, 2013.