



UGVCL - India's second best rated Discom

In March 2013, Ministry of Power, Government of India released First Annual Integrated Ratings of state power distribution utilities under integrated rating methodology.

According to the ratings, Uttar Gujarat Vij Company Ltd. secured an A+ rating, making it the second-best state power distribution utility across India.

Dakshin Gujarat Vij Company Ltd., which also secured an A+ rating, was ranked as No. 1, whereas Madhya Gujarat Vij Company Ltd. and Paschim Gujarat Vij Company Ltd., with A+ ratings, were ranked on No. 3 and No. 4 positions, respectively.

The A+ ratings depict the respective Company's overall scorings between 80 to 100 and define the ratings as Very High Operational and Financial Performance Capability.

Among all the state power distribution utilities rated under integrated rating methodology, all the first four rankings were bagged by State Discoms of Gujarat. The integrated rating methodology for state power distribution utilities was developed by Ministry of Power and unveiled in the State Power Ministers Conference held in July 2012.

According to Shri Jyotiraditya M. Scindia, Minister of State (I/c.) for Power, Govt. of India, the integrated ratings would facilitate realistic assessment of the performance of state power distribution utilities and would enable them to weigh their strength and weakness and then chart a path for improvements.

According to the ratings, UGVCL has shown consistent track record of profitable operations and strong cost coverage ratio and given satisfactory collection performance, cost-reflective tariffs and also supported by gains from Unscheduled Interchange, among other parameters.

The Company has also exhibited an excellent Capital structure, led by improvement in AT&C Losses. With the Fuel & Power Purchase Cost Adjustment framework being operational and the Company having sound financial flexibility, the support of Government of Gujarat and Gujarat Electricity Regulatory Commission is commendable.

The methodology was developed by Ministry of Power, keeping in view the poor financial health of state distribution utilities and the need to base future funding exposures on an objective rating mechanism.

The Ministry of Power has mandated Power Finance Corporation to co-ordinate the rating exercise, which in turn has appointed ICRA Limited and Credit Analysis and Research Ltd. to carry out the rating exercise.

