



Gujarat Urja Vikas Nigam Limited

Instrument	Amount	Rating Action
Long Term Fund Based - Cash Credit	Rs 176 crore	Reaffirmed at [ICRA]A (Stable)
Long Term Fund Based - Term Loans	Rs 300 Crore (reduced from Rs. 306.6 crore)	Reaffirmed at [ICRA]A (Stable)
Short Term Non-Fund Based Limits	Rs 2355 Crore (reduced from Rs. 2389 crore)	Reaffirmed at [ICRA]A1

ICRA has reaffirmed the long term rating of [ICRA]A (pronounced ICRA A) on the Rs 300 crore (reduced from Rs 306.6 crore) term loans and the Rs 176 crore fund based facilities of Gujarat Urja Vikas Nigam Limited (GUVNL)*. The outlook on the long term rating is 'Stable'. ICRA has also reaffirmed the short term rating of [ICRA]A1 (pronounced as ICRA A one) on the Rs 2355 crore (reduced from Rs 2389 crores) non-fund based limits of GUVNL.

In arriving at the ratings, ICRA has taken a consolidated view of the state owned power sector utilities in Gujarat. The reaffirmation of the ratings takes into account the continuing profitable operations of the utilities supported by timely subsidy release from Government of Gujarat (GoG), adequate tariffs with fuel price and power purchase cost adjustment (FPPCA) framework in place, efficiency improvements in distribution segment as well as modest gains from trading/unscheduled interchange. ICRA notes that the cash collections too have been consistently showing an improving trend, aiding the liquidity position of the utilities and resulting in a decline in overall leveraging levels. Also, while GUVNL on a consolidated basis remains exposed to refinancing risks, ICRA takes comfort from the superior financial flexibility available with the company as also the fact that the reliance on refinancing has been going down steadily.

The ratings are however constrained by the fact that despite an improvement in performance, debt levels on consolidated basis continue to remain high resulting in a moderately high leveraging level. Also the large capital expenditure plans by the entities would imply a continued reliance on debt. ICRA further notes that absolute subsidy dependence for the sector as a whole still remains high and has also increased considerably in FY 2012-13 against the previous period implying linkage with credit quality of State Government. As a result, any delays or inadequacy in subsidy payments from GoG remains a key rating sensitivity. Also, the overall returns for GUVNL on consolidated basis continue to remain affected due to under-recoveries arising from lower efficiency levels in power generation segment as compared with normative targets set by the regulator. Moreover, trading gains for distribution utilities are likely to be impacted, given the subdued tariffs in short term trading market and also, the upward pressure on cost of power supply due to relatively larger dependence on thermal sources of power in the state.

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. The seven successor companies were formed on functional lines into four distribution companies (i.e. formed on regional lines), one transmission entity, one generating entity and holding company as listed below:

Holding Company	Gujarat Urja Vikas Nigam Limited (GUVNL)
Subsidiary: Generation	Gujarat State Electricity Corporation Limited (GSECL)
Subsidiary: Transmission	Gujarat Energy Transmission Corporation Limited (GETCO)
Subsidiaries: Distribution	Dakshin Gujarat Vij Company Limited (DGVCL) Madhya Gujarat Vij Company Limited (MGVCL) Uttar Gujarat Vij Company Limited (UGVCL) Paschim Gujarat Vij Company Limited (PGVCL)

* For complete rating definition, please refer to ICRA Website www.icra.in or any of the ICRA Rating Publications

100 lakh = 1 crore = 10 million



Gujarat Urja Vikas Nigam Ltd (GUVNL) is the holding company of all unbundled entities with responsibility for bulk purchase of electricity and sale to four DISCOMs and other private distribution licensees. In addition, company is responsible for overall co-ordination & supervision of the activities of its subsidiary companies, which also include the raising and managing the overall loan portfolio on behalf of subsidiaries.

Gujarat State Electricity Corporation Limited (GSECL) - GSECL was an independent power producer (IPP) of the Gujarat Government but since the restructuring, it is a 100% subsidiary of GUVNL. It is now the state generation utility and supplies 100% of the power generated to GUVNL.

Gujarat Electricity Transmission Corporation Limited (GETCO) was incorporated as the state transmission utility as part of the re-organisation exercise. It is also responsible for load dispatch functions within the state for all government and private electricity entities in Gujarat. GETCO has entered into a joint "Transmission Service Agreement" with GUVNL and the discoms for power transmission.

Dakshin Gujarat Vij Company Limited (DGVCL) - The Company is a wholly owned subsidiary of GUVNL; It is engaged in distribution of electricity in 7 districts of namely Bharuch, Narmada, Surat (except part of Surat City), Tapi, Dangs, Navsari and Valsad in South Gujarat.

Paschim Gujarat Vij Company Limited (PGVCL) - The Company is a wholly owned subsidiary of GUVNL; PGVCL is engaged in distribution of electricity in 8 districts namely Rajkot, Jamnagar, Junagadh, Porbandar, Bhuj, Bhavnagar, Surendranagar and Amreli in Western Gujarat.

Madhya Gujarat Vij Company Limited (MGVCL) - The Company is a wholly owned subsidiary of GUVNL; MGVCL is engaged in distribution of electricity in 5 districts namely Panchmahal, Dahod, Vadodara, Anand and Kheda in Central Gujarat.

Uttar Gujarat Vij Company Limited (UGVCL) - The Company is a wholly owned subsidiary of GUVNL; UGVCL is engaged in distribution of electricity in 6 districts namely Ahmedabad, Sabarkantha, Banaskantha, Patan, Mehsana and Gandhinagar

Recent Results

During FY 2012-13, GUVNL reported a total income of Rs 29,340 crore and net profit of Rs 14.53 crore. During FY 2011-12, GUVNL reported total income of Rs. 24,856 crores and net profit of Rs. 66.43 crores.

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