

DELHI TRANSCO LIMITED

(A Govt. of NCT of Delhi Undertaking)

Regd. Office: - Shakti Sadan, Kotla Marg, New Delhi-110002

Corporate Identification Number (CIN) - U40103DL2001SGC111529

Telephone no-23235380- Tele-fax: - 23238064, Website – www.dtl.gov.in

No. F.42/DTL/402 / CS/ 2018-19 / 02

Date: 09th April, 2018

Ms. Rupa Deb,
General Manager and Company Secretary,
IFCI Limited, IFCI Tower,
61, Nehru Place,
New Delhi



Dear Madam

Please find enclosed herewith Quarterly Report for the quarter ended March, 2018.

Thanking you.

Yours faithfully
For Delhi Transco Limited

Chin
(P.K. Mallik)
Executive Director (C.G.)
& Company Secretary

Encl: As above



DELHI TRANSCO LIMITED

(A Govt. of NCT of Delhi Undertaking)

**Sub: Quarterly Report (Quarter ended 31.03.2018) for IFCI Ltd.
(Debenture trustee)**

Referring to Letter no. IFCI/Compliance/D.T./2018-180402013

Dated 02.04.2018

IFCI Ltd. (Debenture Trustee) has asked for certain details and confirmations.

The quarterly report along with the required certificate is placed opposite for submission to IFCI ltd.

Ankur Jain
5/4/18
Ankur Jain

A.M (F)-Central Accounts

DM (F) - Central Accounts

Vikas Mehta
5/4/18

No.F.DTL/ FIN/CA/17-18/F/59/04

Dated: 05/4/2018

DGM (FIN) - I

Ankur Jain
05/04/18

GM / Finance

Chh
5/4/18

DGM (f) - T



DELHI TRANSCO LIMITED
(A Govt. of NCT of Delhi Undertaking)
(Shakti Sadan, Kotla Road)
New Delhi 110002

No: F.DTL/FIN/CA/17-18/

Dated: 04/04/2018

The Company Secretary
Delhi Transco Limited
Shakti Sadan
Delhi

Quarterly Report for the period ended 31.03.2018 for IFCI (Debenture Trustee)

1. The previous due date for the payment of interest and that all interest/principal due till date has been paid to Debenture holder:
Due date of payment of interest are 2nd September and 2nd March every year.
Interest was paid on time (Dated-March 2, 2018)
Principal was paid on time (Dated-March 2, 2018)
2. The Next due date for payment of Interest /principal and the same would be paid on due date:
The next due date for payment of interest is 2nd September 2018.
The next due date for payment of principal is 2nd March 2019.
3. Creation of Debenture Redemption Reserve as stipulated in the Debenture Trust Deed/Companies Act duly supported by Auditor's Certificate. and certificate of compliance with SEBI Circular No.4/2013 Debenture (Bonds) Redemption Reserve: Rs.80 Cr (as on 31.03.2017).For FY 2016-17 Auditor Certificate has been enclosed (Annex- A)
4. A certificate from the auditors of the company certifying that:
 - (i) The company has transferred sum equivalent to 25% of the value of debentures to debentures redemption reserve at the end of each financial year from the year in which debentures were issued as mentioned in circular no. 04/2013 dated 11/02/2013 issued by ministry of corporate affairs.
 - (ii) The company has invested a sum not less than 15% of the amount of debentures maturing during financial year 2016-17 ending on 30/06/2017 in prescribed modes, as mentioned in circular no. 04/2013 dated 11/02/2013 issued by ministry of corporate affairs.
Auditor Certificate has been enclosed. (Annex- A)

Vikas Singh
DM(F)-CA

5. **Payment of interest up to the last due date.**
Interest paid up to the due date i.e. 2nd March 2018.
6. **Status of redemption of Debentures on due date, if any**
3rd installment of Debenture redeemed on 2nd March 2018.
7. **The Properties secured for the Debentures are adequately insured and policies are in the joint names of the trustees.(Note: In adherence to the Trust Deed, Kindly provide us with the original Insurance Policy with Original Renewals, if any)**
Currently we are maintaining insurance reserve of .10% of GFA from the annual profit of the company.
8. **In case of default (Principal and Interest), number of installments defaulted as on March 31, 2018 with amount overdue (give due date wise principal & interest separately).**
No default reported.
9. **A Statement that the assets of the body corporate which are available by way of security are sufficient to discharge the claims of the debenture holders as and when they become due (Asset Cover Ratio).**
Auditor Certificate has been enclosed. (Annex- B)
10. **Cash flows of the company are adequate for payment of interest and redemption of principal with details thereof.**
The requirement of cash funds for the payment of interest and redemption of principal is being met out of the internal accruals of the company.
11. **Repayment Schedule**
Enclosed. (Annex- C)
12. **Credit Rating assigned to the Debentures at present along with the certified true copy of the latest Credit Rating Letter in regards to the issue.**
*Crisil: BBB+/Negative (Reaffirmed)
India Rating (Fitch): "IND A+/Outlook Stable
The above credit ratings are the latest conducted by the agencies and are also available on their respective websites. (Annex- D&E)*

For Submission to IFCI limited.



**(Vikas Mangla)
DM (F), Central Accounts**

S. N. NANDA & CO.
CHARTERED ACCOUNTANTS

E-mail : snnco@snnco.net
: info@snnco.net

C 43, PAMPOSH ENCLAVE
GREATER KAILASH - I
NEW DELHI - 110 048

PH: 91-11-26227853, 41731475
FAX: 91-11-26227853

May 25, 2018

The Company Secretary
IFCI Limited
IFCI Tower
61, Nehru Place
New Delhi - 110019.

- A. The Delhi Transco Limited has transferred a sum of Rs. 1000 lakhs equivalent to 50% of the value of Debentures issued amounting to Rs.20000 lakhs to Debenture Redemption Reserve, out of its profit in accordance with Circular No.04/2013 dated 11/02/2013 issued by Ministry of Corporate Affairs. As on 31.03.2018 Debenture Redemption Reserve Stands for Rs. 7000 Lakhs.

- B. The Company has invested a sum of Rs.300 lakhs, not less than 15% of the debenture amount of Rs. 2000 lakhs, maturing during Financial Year 2018-19 ending on 31/03/2019 in prescribed modes, as mentioned in Circular No.04/2013 dated 11/02/2013 issued by Ministry of Corporate Affairs.

This certificate has been issued at the request of Delhi Transco Ltd and is for your use only.

For S.N. Nanda & Co.
(Chartered Accountants)
Firm Registration No.
00685N

CA S.N. Nanda
Partner
M. No. 005909



S. N. NANDA & CO.
CHARTERED ACCOUNTANTS

E-mail : snnco@snnco.net
: info@snnco.net

C 43, PAMPOSH ENCLAVE
GREATER KAILASH - I
NEW DELHI - 110 048

PH: 91-11-26227853, 41731475
FAX: 91-11-26227853

May 25, 2018

The Company Secretary

IFCI Limited

IFCI Tower

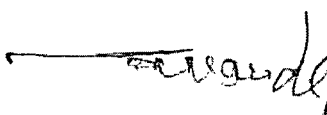
61, Nehru Place

New Delhi - 110019.

This is to certify that on the basis of Books of accounts and record presented before us, the assets of Delhi Transco Limited as on 31st March, 2018 which are available by way of security are sufficient to discharge the claims of the debenture holders as and when they become due.

This certificate has been issued at the request of Delhi Transco Ltd and is for your use only.

For S.N. Nanda & Co.
(Chartered Accountants)
Firm Registration No. 00685N


CA S.N. Nanda
Partner
M. No. 005909



ANNEX C

15 year DTL Bonds for Rs. 200 crores on half yearly interest @ 09.5% to be redeemed in 10 equal installments from Six year and onward					
Date	Principal	Interest	Redemption	Payment	Balance
02-03-2010	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-09-2010	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-03-2011	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-09-2011	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-03-2012	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-09-2012	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-03-2013	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-09-2013	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-03-2014	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-09-2014	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-03-2015	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-09-2015	2,00,00,00,000	9,50,00,000	0	9,50,00,000	2,00,00,00,000
02-03-2016	2,00,00,00,000	9,50,00,000	20,00,00,000	29,50,00,000	1,80,00,00,000
02-09-2016	1,80,00,00,000	8,55,00,000	0	8,55,00,000	1,80,00,00,000
02-03-2017	1,80,00,00,000	8,55,00,000	20,00,00,000	28,55,00,000	1,60,00,00,000
02-09-2017	1,60,00,00,000	7,60,00,000	0	7,60,00,000	1,60,00,00,000
02-03-2018	1,60,00,00,000	7,60,00,000	20,00,00,000	27,60,00,000	1,40,00,00,000
02-09-2018	1,40,00,00,000	6,65,00,000	0	6,65,00,000	1,40,00,00,000
02-03-2019	1,40,00,00,000	6,65,00,000	20,00,00,000	26,65,00,000	1,20,00,00,000
02-09-2019	1,20,00,00,000	5,70,00,000	0	5,70,00,000	1,20,00,00,000
02-03-2020	1,20,00,00,000	5,70,00,000	20,00,00,000	25,70,00,000	1,00,00,00,000
02-09-2020	1,00,00,00,000	4,75,00,000	0	4,75,00,000	1,00,00,00,000
02-03-2021	1,00,00,00,000	4,75,00,000	20,00,00,000	24,75,00,000	80,00,00,000
02-09-2021	80,00,00,000	3,80,00,000	0	3,80,00,000	80,00,00,000
02-03-2022	80,00,00,000	3,80,00,000	20,00,00,000	23,80,00,000	60,00,00,000
02-09-2022	60,00,00,000	2,85,00,000	0	2,85,00,000	60,00,00,000
02-03-2023	60,00,00,000	2,85,00,000	20,00,00,000	22,85,00,000	40,00,00,000
02-09-2023	40,00,00,000	1,90,00,000	0	1,90,00,000	40,00,00,000
02-03-2024	40,00,00,000	1,90,00,000	20,00,00,000	21,90,00,000	20,00,00,000
02-09-2024	20,00,00,000	95,00,000	0	95,00,000	20,00,00,000
02-03-2025	20,00,00,000	95,00,000	20,00,00,000	20,95,00,000	0
		2,09,00,00,000		4,09,00,00,000	

Ratings

CRISIL

An S&P Global Company

Rating Rationale

April 28, 2017 | Mumbai

Delhi Transco Limited

Rating Reaffirmed

Rating Action

Bonds Aggregating Rs.7 Crore	CRISIL BBB+/Negative (Reaffirmed)
-------------------------------------	--

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its ratings on the bonds of Delhi Transco Ltd. (DTL) at 'CRISIL BBB+/Negative'.

The rating reaffirmation centrally factors in commencement of recovery of dues from BSES Rajdhani Power Ltd (BRPL) and BSES Yamuna Power Ltd (BYPL), following a Supreme Court order dated May 12, 2016. This coupled with payment of power subsidy by GoNCTD, attributable to BRPL and BYPL, to DTL directly in fiscal 2017 has resulted in sustenance of DTL's liquidity position. DTL had adequate liquidity of more than Rs 100 crore as on March 31, 2017 in the form of non-plan funds in addition to unutilized bank lines of Rs 175 crore. Continuation of receipt of payments from key counterparties such as BYPL, BRPL and Tata Power Delhi Distribution Ltd (TPDDL) and sustenance of liquidity will be the key monitorables.

Key Rating Drivers & Detailed Description

Strengths

* **Monopoly in intra-state power transmission business in Delhi:** DTL enjoys a natural monopoly and transmits power from the central generating utilities, Pragati Power Corporation Ltd (PPCL) and Indraprastha Power Generation Company Ltd (IPGCL), and from other private generators to discoms in Delhi. DTL's monopoly is likely to continue even over the long term, as the economies of power transmission do not favour multiple competing networks in the same area. Also, as the designated state transmission utility (STU), it plans and coordinates the wheeling of power and plays a crucial role in the state's economy, as the entire power available in the state flows through its network.

* **Full-recovery of costs under regulated tariff structure:** DTL operates under a well-developed regulatory framework. DTL's tariff is determined by Delhi Electricity Regulatory Commission (DERC); the tariff enables DTL to recover its expenses and allows for return on capital employed (RoCE, which includes interest cost) based on network availability provided it meets DERC's stipulated operating norms. DTL has been able to continuously recover the revenues as set in tariff orders issued by DERC supported by its efficient operations with line availability of more than 99 percent, as against the performance benchmark of 98 percent set by regulator for full recovery of costs and RoCE.

* **Efficient Operations:** Low transmission losses of below 1 per cent on its own network mark DTL's efficient operational profile. Although debtor recovery from DTL's key customers was being delayed, recovery of past arrears has begun from April 2016. The company's transmission network had a high availability of more than the performance benchmark of 98% set by the regulator for a full recovery of fixed costs.

Weaknesses

Weak counterparty risk profile: The company's major counterparties, BRPL and BYPL, have a weak financial risk profile because of high regulatory assets (Rs 14,838 crore in BRPL and Rs 9,128 crore in BYPL as on March 31, 2014) and weak gearing. CRISIL believes that this has led to weak recovery of receivables for DTL over the past five years; receivables increased to Rs 1441.64 crore as on March 31, 2016, from Rs 379 crore as on March 31, 2011. This build up is despite GoNCTD directly paying the power subsidy, attributable to BRPL and BYPL, to DTL over the last fiscal amounting to more than Rs 300 crore. Such a large build-up in receivables has adversely impacted the liquidity, and consequently, the financial risk profile of DTL.

* **Exposure to risks related to its large capex plans:** DTL's cash flows are dependent on successful implementation and subsequent approval of its capex by DERC. DTL's capex was Rs 2781 crore between March 31, 2011, and March 31, 2016, of which Rs 222 crore was capital work-in-progress as on March 31, 2016. This capex needs to be approved by DERC to enable DTL to recover the expenses by way of tariff; DTL suffered a large negative true-up in revenue of fiscal 2014 of Rs 1,035 crore primarily due to downward revision in the capitalisation approved by DERC from fiscal 2008 to fiscal 2012 in the tariff order released in July 2013 as a result of lower actual capex incurred during the period.

* **Modest financial risk profile:** DTL's financial risk profile is modest. It had cash and bank balance of (non-plan funds) of Rs 175 crore as on December 31, 2016 (Rs 177 crore as on March 31, 2016). DTL's expected cash accruals are expected

to be sufficient to cover its maturing debt obligations, and availability of unutilised working capital lines of Rs 175 crore support the liquidity profile. DTL's gearing is moderate at around 0.95 times as on March 31, 2016 and has improved significantly from 1.55 times as on March 31, 2014 because of healthy accretion to reserves in fiscal 2015 and a Government of India grant of Rs 200 crore, which is considered as part of net worth.

Outlook: Negative

CRISIL believes DTL's financial risk profile and liquidity could deteriorate further if delays in realisation from discoms continue over the near to medium term. The rating may be downgraded in case realisations of current dues from BRPL, BYPL and TPDDL get stalled again in the near term or if DTL's financial flexibility reduces due to change in its ability to defer payments to GoNCTD or DPCL. Conversely, the outlook may be revised to 'Stable' if debtor realisation from discoms improves, leading to improvement in DTL's liquidity.

About the Company

DTL, established in 2001, is wholly owned by GoNCTD with a direct holding of 93.4 percent and holding through DPCL of 6.6 percent. As envisioned in the Delhi Electricity Reform (Transfer Scheme) Rules, 2001, the erstwhile Delhi Vidyut Board was unbundled into one holding company (DPCL), two generation companies (IPGCL and PPCL), a transmission company (DTL), and three discoms (South-West Delhi Electricity Distribution Company Ltd, Central-East Delhi Electricity Distribution Company Ltd, and North-Northwest Delhi Distribution Company Ltd). The three discoms were privatized and were renamed BRPL and BYPL, and TPDDL. DTL was initially involved in transmission and bulk power trading. Under the provisions of the Electricity Act 2003, DTL divested its bulk supply business in April 2007; this business was transferred to the three discoms. All power purchase agreements signed with DTL by the central power utilities, state generating companies, and private generators, were transferred to the three discoms. As a result of the transfer, DTL is currently involved in transmission and has been designated as the STU in the National Capital Territory of Delhi. DTL reported a net profit of Rs 558.9 crore on sales of Rs 1169.5 crore for fiscal 2016, against a net profit of Rs 324 crore on sales of Rs 858.6 crore for fiscal 2015.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN No	Name of Instrument	Date of Allotment	Coupon Rate	Maturity Date	Issue Size (Rs Crore)	Rating Assigned with Outlook
INE491F07019	Long Term Bonds*	3-Feb-10	0.095	3-Feb-16	20	CRISIL BBB+/Negative
INE491F07027	Long Term Bonds*	3-Feb-10	0.095	3-Feb-17	20	CRISIL BBB+/Negative
INE491F07035	Long Term Bonds	3-Feb-10	0.095	3-Feb-18	20	CRISIL BBB+/Negative
INE491F07043	Long Term Bonds	3-Feb-10	0.095	3-Feb-19	20	CRISIL BBB+/Negative
INE491F07050	Long Term Bonds	3-Feb-10	0.095	3-Feb-20	20	CRISIL BBB+/Negative
INE491F07068	Long Term Bonds	3-Feb-10	0.095	3-Feb-21	20	CRISIL BBB+/Negative
INE491F07076	Long Term Bonds	3-Feb-10	0.095	3-Feb-22	20	CRISIL BBB+/Negative
INE491F07084	Long Term Bonds	3-Feb-10	0.095	3-Feb-23	20	CRISIL BBB+/Negative
INE491F07092	Long Term Bonds	3-Feb-10	0.095	3-Feb-24	20	CRISIL BBB+/Negative
INE491F07100	Long Term Bonds	3-Feb-10	0.095	3-Feb-25	20	CRISIL BBB+/Negative
NA	Long Term Bonds #	NA	NA	NA	500	CRISIL BBB+/Negative

*we are awaiting independent confirmation of redemption before withdrawing ratings on these instruments
#yet to be issued

Annexure - Rating History for last 3 Years

Instrument	Type	Quantum	Current Rating	2017 (History)		2016		2015		2014		Start of 2014
				Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Bond	LT	700	CRISIL BBB+/Negative		No Rating Change		No Rating Change		No Rating Change		No Rating Change	CRISIL BBB+/Negative

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Links to related criteria

CRISILs Approach to Financial Ratios

Rating Criteria for Power Distribution Utilities

Rating criteria for manufacturing and service sector companies

For further information contact:

Media Relations

Analytical Contacts

Customer Service Helpdesk

Saman Khan
Media Relations
CRISIL Limited
D: +91 22 3342 3895
B: +91 22 3342 3000
saman.khan@crisil.com

Tanuja Abhinandan
Media Relations
CRISIL Limited
D: +91 22 3342 1818
B: +91 22 3342 3000
tanuja.abhinandan@crisil.com

Jyoti Parmar
Media Relations
CRISIL Limited
D: +91 22 3342 1835
B: +91 22 3342 3000
jyoti.parmar@crisil.com

Subodh Rai
Senior Director - CRISIL Ratings
CRISIL Limited
B: +91 124 672 2000
subodh.ra@crisil.com

Manish Kumar Gupta
Director - CRISIL Ratings
CRISIL Limited
B: +91 124 672 2000
manish.gupta@crisil.com

Garima Sharma
Rating Analyst - CRISIL Ratings
CRISIL Limited
D: +91 22 3342 3291
Garima.Sharma@crisil.com

Timings: 10.00 am to 7.00 pm
Toll free Number: 1800 267 1301

For a copy of Rationales / Rating Reports:
CRISILratingdesk@crisil.com

For Analytical queries:
ratingsinvestordesk@crisil.com

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

About CRISIL Limited

CRISIL is a global, agile and innovative analytics company driven by its mission of making markets function better. We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers.

We are majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

About CRISIL Ratings

CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 24,500 large and mid-scale corporates and financial institutions. CRISIL has also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We also pioneered a globally unique rating service for Micro, Small and Medium Enterprises (MSMEs) and significantly extended the accessibility to rating services to a wider market. Over 95,000 MSMEs have been rated by us.

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of S&P Global Inc. and its subsidiaries (collectively, the "Company") you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view the Company's Customer Privacy at <https://www.spglobal.com/privacy>

Last updated: April 2016

DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Rating are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL rating contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, www.crisil.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about CRISIL ratings are available here: www.crisilratings.com.

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain

16/11/2017

Rating Rationale

non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlightedpolicy.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL.

All rights reserved @ CRISIL

.....

India Ratings Upgrades Delhi Transco to 'IND A+', Outlook Stable

17

By Nitin Bansal

JAN 2018

India Ratings and Research (Ind-Ra) has upgraded Delhi Transco Limited's (DTL) Long-Term Issuer Rating to 'IND A+' from 'IND A'. The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Long-term loans		-	June 2025	INR6.20 (reduced from INR6.73)	IND A+/Stable	Rating upgraded; Outlook revised
Bond programme*	-	-	-	INR1.6	IND A+/Stable	Rating upgraded; Outlook revised
Fund-based limits	-	-	-	INR1.75	IND A+/Stable/IND A1	Rating upgraded; Outlook revised; Short-term rating affirmed
Non-fund-based limits	-	-	-	INR1	IND A+/Stable/IND A1	Rating upgraded; Outlook revised; Short-term rating affirmed

* Details in Annexure

KEY RATING DRIVERS

Higher-than-expected Improvement in Collections: The upgrade reflects a significant improvement in DTL's collections to above 90% of the revenue for the period April-November 2017 (FY17: 80%; FY16: 67%). This was due to a higher subsidy flow of INR3.3 billion (FY17: INR2.3 billion, FY16: INR1.5 billion) from the government of the National Capital Territory of Delhi (GNCTD) along with healthier cash payments from its key customers namely BSES Rajdhani Power Limited (BRPL; 'IND BB-/Stable'), BSES Yamuna Power Limited (BYPL) and Tata Power Delhi Distribution Limited. Debtor additions slowed down to INR2.2 billion in FY17 (FY16: INR3.6 billion). Cash flow has improved in FY18 due to a refund of INR2.7 billion from NTPC Limited ('IND AAA/Stable') for the credit towards the revised tariff against the power purchased between March 2005-March 2007.

Ind-Ra now expects DTL to recover 90%-100% of its annual billings whereas the earlier Negative Outlook was based on the expectation that the company could recover only 60%-70% of its annual billings from the distribution companies (discoms). The current Stable Outlook reflects an improvement in the discoms' financial health, driven largely by the approval of tariff hikes, control on power purchase cost, and lower aggregate technical and commercial losses.

Substantial Debt Reduction: DTL's cash flow from operations improved in FY17 to INR6 billion from INR3.4 billion in FY16, on account of healthy payments from discoms and the subsidy flows. As a result, DTL serviced its dues towards the unsecured loans provided by its parent GNCTD. The overall debt repayment resulted in net leverage (total adjusted net debt/operating EBITDA) reducing to 2.4x in FY17 from 2.6x in FY16. Ind-Ra expects the ratio to reduce further to 1.9x by FYE18, despite the additional debt for ongoing capex. Interest coverage is also expected to improve to around 4.9x in FY18 from 4.4x in FY17 (FY16: 4.4x).

Increased ARR Continued in FY18: DTL's annual revenue requirement (ARR) increased to INR10.8 billion for FY18 (FY16: INR10.18 billion; FY15: INR7.34 billion) on account of allowance for the arrears pertaining to erstwhile Delhi Vidyut Board (DVB) and a true-up exercise for the recovery of past dues to the tune of INR2.98 billion. ARR excluding DVB arrears and past orders true-up increased to INR7.6 billion for FY18 (FY16: INR7.26 billion). Given that the final tariff order for FY17 was not approved, the company billed its consumers at the approved tariff for FY16.

Clear Path for Recovery of DVB Arrears: Delhi Electricity Regulatory Commission had allowed the recovery of INR1.92 billion (20% of the recognised DVB arrears of INR9.61 billion up to FYE15) in FY16 ARR. For FY18, the commission has allowed the recovery of DVB arrears to the extent of INR2.73 billion (25% of the arrears outstanding at FYE17) and decided that the past arrears may be liquidated in the next four years in equal instalments. The recovery of the same from the discoms would result in healthy cash accruals to the company annually. DTL has also billed the INR1.92 billion in FY17 basis the FY16 tariff order as the commission did not approve the tariff order for FY17. Ind-Ra believes the recovery of FY17 arrears would be adjusted in the next true-up exercise by the commission.

GNCTD Support Continues: The GNCTD has provided financial support to DTL through subsidy flow and flexibility in the repayments of unsecured loans. During FY18, the GNCTD continued its support to DTL by way of additional loans to the extent of INR1.5 billion for the latter's ongoing capex programme. The ratings are supported by the GNCTD's ability, willingness and track record towards providing financial support to DTL, given its strategic importance in providing 24x7 power in the national capital.

Regulated Business Operations: DTL has a monopoly in its licence area and high operating efficiencies. The stable and transparent regulatory process determines tariffs on a multi-year basis and assures a recovery of fixed costs with 14% return on equity.

Pending Debtor Resolution: The final order from the Supreme Court on the contempt petition filed by Pragati Power Corporation Limited (IND A-/Stable) (on behalf of DTL also) for the recovery of dues from BRPL and BYPL has been pending since February 2015. The Supreme Court had issued an interim order in May 2016, directing BRPL and BYPL to pay 70% of the current dues. Following which, BRPL and BYPL paid 70% of the current dues in the form of cash and subsidy flow; however, the debtor build-up continued in FY17, leading to an increase in debtor days to 566 days (FY16: 484 days). DTL's debtors increased to INR16.6 billion in FY17 (FY16: INR14.4 billion) with nearly 88% outstanding from BRPL and BYPL.

RATING SENSITIVITIES

Negative: Future developments that could, individually or collectively, lead to a negative rating action include:

- lower-than-expected collections from discoms in Delhi, leading to a debtor build-up and worsening of the liquidity situation
- weakening of DTL's linkages with the GNCTD

Positive: Higher-than-expected payments from the discoms, resolution of old debtors, leading to a further improvement in the liquidity and credit profile could lead to a positive rating action.

COMPANY PROFILE

Incorporated in 2002, DTL is a state-owned transmission utility that operates in the National Capital Region of Delhi.

FINANCIAL SUMMARY

Particulars	FY17	FY16
Revenue (INR million)	10,720	10,863
EBITDA (INR million)	8,236	8,728
Gross interest coverage (x)	4.43	4.39
Net leverage (x)	2.44	2.58
Source: Ind-Ra, DTL		

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (billion)	Rating/Outlook	25 May 2017	26 December 2016	23 October 2015
Issuer rating	Long-term	-	IND A+/Stable	IND A/Negative	IND A/Negative	IND A+/Stable
Long-term loans	Long-term	INR6.20	IND A+/Stable	IND A/Negative	IND A/Negative	IND A+/Stable
Bond programme	Long-term	INR1.6	IND A+/Stable	IND A/Negative	IND A/Negative	IND A+/Stable
Fund-based limits	Long-term/Short-term	INR1.75	IND A+/Stable/IND A1	IND A/Negative/IND A1	IND A/Negative/IND A1	IND A+/Stable/IND A1
Non-fund-based limits (carved out of long-term bank loan facility)	Long-term/Short-term	INR1	IND A+/Stable/IND A1	IND A/Negative/IND A1	IND A/Negative/IND A1	IND A+/Stable/IND A1

ANNEXURE

Instrument Type	ISIN	Date of Issuance	Maturity Date	Coupon Rate (%)	Size of Issue (billion)	Rating/ Outlook
Bonds	INE491F07035	2 March 2010	2 March 2018	9.5	INR0.2	IND A+/Stable
Bonds	INE491F07043	2 March 2010	2 March 2019	9.5	INR0.2	IND A+/Stable
Bonds	INE491F07050	2 March 2010	2 March 2020	9.5	INR0.2	IND A+/Stable
Bonds	INE491F07068	2 March 2010	2 March 2021	9.5	INR0.2	IND A+/Stable
Bonds	INE491F07076	2 March 2010	2 March 2023	9.5	INR0.2	IND A+/Stable
Bonds	INE491F07084	2 March 2010	2 March 2024	9.5	INR0.2	IND A+/Stable
Bonds	INE491F07092	2 March 2010	2 March 2024	9.5	INR0.2	IND A+/Stable
Bonds	INE491F07100	2 March 2010	2 March 2025	9.5	INR0.2	IND A+/Stable
Total					INR1.6	

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

ABOUT INDIA RATINGS AND RESEARCH

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies, structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

DISCLAIMER

ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS](https://www.indiaratings.co.in/RATING-DEFINITIONS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE WWW.INDIARATINGS.CO.IN. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Applicable Criteria

[Corporate Rating Methodology](#)

Analyst Names

Primary Analyst

Nitin Bansal

Analyst

India Ratings & Research A Fitch Group Company 601, Prakashdeep Building 7, Tolstoy Marg New Delhi 110001 India

+91 11 43567230

Secondary Analyst

Vivek Jain

Associate Director

+91 11 43567249

Committee Chairperson

Salil Garg

Director

+91 1143567244