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: 28/5/2020

The Company Secretary
Delhi Transco Limited
Shakti Sadan
Delhi

Quarterly Report for the period ended 31.03.2020 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, 2020)

   Principal was paid on time (Dated-March 2, 2020)

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 2ndSeptember 2020.

   The next due date for payment of principal is 2ndMarch 2021.

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.60 Cr *(as on 31.03.2019).For FY 2018-19 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 2019-20 ending on 30/06/2019 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)

DM(F)-CA

5. **Payment of interest up to the last due date.**

   Interest paid up to the due date i.e. 2nd March 2020.

6. **Status of redemption of Debentures on due date, if any**

   5th *installment of Debenture redeemed on 2nd March 2020.*

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, 2020 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: CRISIL A+/Stable

    India Rating (Fitch): IND AA-'; 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)
DY Mgr (Fin), Central Accounts

A'

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

29th May 2019

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 31.03.2019 Debenture Redemption Reserve Stands for Rs. 6000 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 2019-20 ending on 31.03.2020 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

S.N. NANDA & CO. NEW DELHI

CA S.N. Nanda
Partner
M. No. 005909
UDIN: 19005909AAAAAH7916

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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
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FAX: 91-11-26227853

29th May 2019

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, 2019 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
UDIN: 19005909AAAAAG9348

S. N. NANDA & CO. Chartered Accountants NEW DELHI

'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**	

Vkashyap

(D & E)

Ratings

CRISIL

An [illegible] Company

Rating Rationale

January 29, 2020 | Mumbai

Delhi Transco Limited

Rating upgraded to 'CRISIL A+/Stable'

Rating Action

Rs.620 Crore Bond (Reduced from Rs.700 Crore)	**CRISIL A+/Stable (Upgraded from 'CRISIL A/Stable')**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has upgraded its rating on the bonds of Delhi Transco Limited (DTL) to **'CRISIL A+/Stable'** from 'CRISIL A/Stable'.

Rating on the bonds worth Rs 80 crore has been withdrawn as the same have been fully redeemed. The rating action is in line with CRISIL's policy on withdrawal of ratings (refer to Annexure - Details of Rating Withdrawn).

The upgrade reflects the improvement in DTL's financial risk profile due to sustained increase in payment collection from BSES Rajdhani Power Ltd (BRPL) and BSES Yamuna Power Ltd (BYPL). DTL received 130% (includes past dues) of the amount billed from these two counterparties in fiscal 2020 (till December 2019), against 114%, 80%, 66%, and 33% in fiscals 2019, 2018, 2017, and 2016, respectively. The improvement in collection efficiency is also supported by the Government of National Capital Territory of Delhi (GoNCTD) paying the power subsidy of around Rs 400 crore annually, attributable to BRPL and BYPL, directly to DTL. Furthermore, BRPL and BYPL have submitted a liquidation plan for clearing all the past dues till fiscal 2024, which lends additional comfort.

The improved cash flow has strengthened overall liquidity, thus enabling DTL to prepay a large part of its external borrowing. This has improved credit metrics, with interest coverage ratio and gearing at 7 times and 0.3 time, respectively, as on March 31, 2019, against 4.6 times and 0.8 time, respectively, as on March 31, 2017.

Continued receipt of timely payments from key counterparties such as BYPL, BRPL, and Tata Power Delhi Distribution Ltd (TPDDL); as well as sustenance of adequate liquidity will be key monitorables.

The rating factors in DTL's monopoly in Delhi's transmission business, efficiency of operations in terms of low transmission loss and above-normative line availability leading to full recovery of cost under the regulated tariff structure, and healthy financial risk profile. These strengths are partially offset by weak counterparty risk profile.

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 Co Ltd (IPGCL), and from private generators to distribution companies (discoms) in Delhi. This monopoly is likely to continue in the long term as the economies of power transmission do not favour multiple networks in the same area. Also, as the designated state transmission utility (STU), DTL 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 cost under regulated tariff structure**

The company operates under a well-developed regulatory framework. Tariff is determined by the Delhi Electricity Regulatory Commission (DERC), and enables DTL to recover 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 continuously recovered revenue as set in tariff orders issued by DERC, supported by efficient operations with line availability of over 99%, as against the performance benchmark of 98% set by the regulator for full recovery of cost and RoCE.

*** Efficient operations**

Transmission loss of below 1% on its own network indicates DTL's efficient operating profile. Although recovery of receivables from key customers was previously delayed, collection has improved since April 2016, supported by GoNCTD paying the power subsidy of around Rs 400 crore annually to DTL. The company's transmission network had above-normative line availability, leading to full recovery of fixed cost.

*** Healthy financial risk profile**

Financial risk profile has improved with higher collection efficiency from discoms. Gearing reduced to 0.3 time as on March 31, 2019, from 1.55 times as on March 31, 2014, because of steady accretion to reserve and a Government of India grant of Rs 200 crore in fiscal 2015, which is considered as part of networth. Interest coverage ratio steadily improved to 7 times as on March 31, 2019, from 4.6 times as on March 31, 2017, and is expected to further improve in fiscal 2020 with sustained accrual and prepayment of government debt.

Weakness:

*** Weak counterparty risk profile**

Main counterparties, BRPL and BYPL (account for over 60% of DTL's revenue), have weak financial risk profiles because of large regulatory asset base and high gearing. This has, in the past, led to significant build-up of receivables, thereby adversely impacting liquidity. Receivables increased to Rs 1,740 crore as on March 31, 2018, from Rs 379 crore as on March 31, 2011. With improving collection efficiency, receivables have declined to Rs 1,598 crore as on September 30, 2019. Nonetheless, any build-up of receivables over the medium term will remain a key rating sensitivity factor.

Liquidity Strong
Cash and bank balance stood at Rs 535 crore and unutilised working capital limit was Rs 175 crore, as on September 30, 2019. Cash accrual is expected to be sufficient to cover debt obligation over the medium term. Flexibility in terms of servicing GoNCTD loans further supports liquidity.

Outlook: Stable
CRISIL believes DTL's improved financial risk profile, especially liquidity, will sustain over the medium term given that receipts from discoms remain high.

Rating Sensitivity factors:
Upward Factors:
* Continued collection efficiency of over 100% from discoms along with recovery of past dues
* Sustained improvement in financial risk profile on account of strong operational performance and moderate capital expenditure (capex)

Downward Factors:
* Collection efficiency falling below 80% on a sustained basis
* Any large, debt-funded capex weakening financial risk profile.

About the Company
DTL, established in 2001, is wholly owned by GoNCTD with a direct holding of 93.4% and holding through Delhi Power Company Ltd (DPCL) of 6.6%. 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 privatised and were renamed BRPL, 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. Due to the transfer, DTL is currently involved in transmission and has been designated as the STU in the National Capital Region.

Key Financial Indicators

Particulars	Unit	2019	2018
Revenue	Rs crore	1152	1427
Profit after tax (PAT)	Rs crore	350	600
PAT margin	%	30.4	42.1
Adjusted debt/adjusted networth	Times	0.29	0.63
Interest coverage	Times	6.99	6.82

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
INE491F07050	Long Term Bonds	02-Mar-2010	9.5%	02-Mar-2020	20	CRISIL A+/Stable
INE491F07068	Long Term Bonds	02-Mar-2010	9.5%	02-Mar-2021	20	CRISIL A+/Stable
INE491F07076	Long Term Bonds	02-Mar-2010	9.5%	02-Mar-2022	20	CRISIL A+/Stable
INE491F07084	Long Term Bonds	02-Mar-2010	9.5%	02-Mar-2023	20	CRISIL A+/Stable
INE491F07092	Long Term Bonds	02-Mar-2010	9.5%	02-Mar-2024	20	CRISIL A+/Stable
INE491F07100	Long Term Bonds	02-Mar-2010	9.5%	02-Mar-2025	20	CRISIL A+/Stable
NA	Long Term Bonds#	NA	NA	NA	500	CRISIL A+/Stable

#Yet to be Issued

Annexure - Details of Rating Withdrawn

ISIN No	Name of Instrument	Date of Allotment	Coupon Rate	Maturity Date	Issue Size (Rs.Crore)
INE491F07019	Long Term Bonds	02-03-2010	9.5%	02-03-2016	20
INE491F07027	Long Term Bonds	02-03-2010	9.5%	02-03-2017	20

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DRE

India Ratings & Research
A Fitch Group Company

India Ratings Upgrades Delhi Transco to 'IND AA-'; Outlook Stable

19

FEB 2020

By Ashish Agrawal

India Ratings and Research (Ind-Ra) has upgraded Delhi Transco Limited's (DTL) Long-Term Issuer Rating to 'IND AA-' 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	INR4.33 (reduced from INR5.28)	IND AA-/Stable	Upgraded
Bond programme*	-	-	-	INR1.2 (reduced from INR1.4)	IND AA-/Stable	Upgraded
Fund-based limits	-	-	-	INR1.40 (reduced from INR1.75)	IND AA-/Stable /IND A1+	Upgraded
Non-fund-based limits	-	-	-	INR0.50 (reduced from INR1.00)	IND AA-/Stable /IND A1+	Upgraded

* Details in annexure

Analytical Approach: Ind-Ra continues to factor in the support provided to DTL by its 93.4% parent the government of National Capital Territory of Delhi (GNCTD).

KEY RATING DRIVERS

Sharper-than-expected Reduction in Debt: The upgrade reflects the sharper-than-expected reduction in DTL's gross debt to INR8.1 billion at 1HFYE20 (FYE19: INR9.6 billion; FYE18: INR17.7 billion; FYE17: INR22.9 billion), driven by a strong improvement in collections since March 2018. This is because DTL has been receiving 100% payments from all the distribution utilities (discoms) of Delhi, particularly BSES Rajdhani Power Limited (BRPL; 'IND BBB'/Stable) and BSES Yamuna Power Limited (BYPL; 'IND BBB-'/Stable). The rating action also factors in the improvement in DTL's cash flows, owing to a significant recovery of arrears from the erstwhile Delhi Vidyut Board (DVB) during the true-up activity of FY18.

The upgrade also reflects Ind-Ra's expectation of faster liquidation of past receivables worth INR9.0 billion and INR6.1 billion, which had accumulated over FY14-FY17, from BRPL and BYPL, respectively, over the next five-to-six years. The quantum of liquidation of past receivables during FY20 would be higher than expected, as from this year, the receivables would also be adjusted against the cash received by way of short-term open access (STOA) charges in addition to the funds to be received as per the liquidation plan submitted by BRPL.

Past Receivables Liquidation Plan for BRPL: During FY19, BRPL had provided a liquidation plan to DTL for principal overdue receivables totalling INR9.38 billion at FYE18. Under the plan, BRPL has been making a payment of INR0.10 billion per month directly to DTL, in addition to the monthly payment of current transmission bills. However, post the receipt of the new tariff by BRPL in August 2019, these payments have been intermittent in nature, leading to delays in the liquidation of past receivables. However, BRPL has been making 100% payments of its existing dues. Furthermore, there would be an additional reduction to the extent of INR1 billion-2 billion with respect to the past receivables of BRPL and BYPL post their adjustment with receipt of STOA charges.

Strong Improvement in Collections in FY19 and FY20: DTL's collections significantly improved to 115% of the revenue during April-September 2020 (FY19: 114%; FY18: 85%; FY17: 80%; FY16: 67%), and are likely to improve further over the short-to-medium term. This is because DTL has started to receive 100% of its current billing from discoms through direct payments from them and electricity subsidy diversion (1HFY20: INR1.73 billion; FY19: INR2.97 billion; FY18: INR4.19 billion, FY17: INR2.3 billion; FY16: INR1.5 billion), along with the liquidation of the past receivables outstanding from BRPL and BYPL. DTL receives about 25% of the overall subsidy earmarked by the GNCTD. With the improvement in collections, receivables decreased for the first time in several years to INR16.8 billion in FY19 (FY18: INR18.4 billion; FY17: INR16.6 billion), and then remained stable during 1HFY20. BRPL and BYPL accounted for nearly 90% of the outstanding receivables at FYE19.

Ind-Ra expects DTL to continue to recover 100% of its annual billings from discoms, owing to an improvement in their financial health, driven largely by the approval of tariff hikes, a control on their power purchase cost and a fall in aggregate technical and commercial losses. In addition, the adjustment of past receivables from the receipt of STOA charges would lead to a significant reduction in the receivables of the entity and freeing up of working capital.

Liquidity Indicator - Adequate: DTL's cash flow from operations improved significantly to INR12.5 billion in FY19 (FY18: INR8.6 billion) and its free cash flows improved to INR8.5 billion (INR4.9 billion), led by the increased annual revenue requirement (ARR), healthy payments of current and well as past dues from the discoms, payments from subsidy diversion and recovery of arrears from the erstwhile DVB.

The continued positive cash flow from operations and reduced debt level due to the repayment of high-cost loans taken from the Delhi government also led to a strong liquidity position of DTL. Moreover, DTL recorded almost nil utilisation of the fund-based working capital facility for the 12 months ended January 2020. Accordingly, the net adjusted leverage (total adjusted net debt/operating EBITDA) stood 0.73x in 1HFY20 (FY19: 0.83x; FY18: 1.79; FY17: 2.44x), and the gross interest coverage (operating EBITDA/gross interest expense) was 15.1x (6.5x; 5.0x; 4.4x). Despite an increase in the inventory to INR0.15 billion in FY19 (FY18: INR0.05 billion), DTL's net working capital cycle reduced to INR12.9 billion in FY19 (FY18: INR15.6 billion), primarily led by a reduction in receivables and an increase in the payables.

Furthermore, DTL had a cash and bank balance of INR2.9 billion at FYE19 (FYE18: INR2.4 billion; FYE17: INR2.7 billion). DTL could see a significant build-up of cash, as and when it recovers past dues from discoms, while the capex remains moderate at INR4.2 billion-5.5 billion.

Earlier-than-expected Recovery of DVB Arrears: The Delhi Electricity Regulatory Commission allowed the recovery of arrears from the erstwhile DVB to the extent of INR2.98 billion in FY18 and INR2.18 billion in FY19. This along with an adjustment of INR4.84 billion post the FY18 true-up had led to a reduction in the net regulatory arrears to INR1.47 billion in FY18, which is likely to have been fully liquidated during FY19 and would have resulted in a significant improvement in cash flows for FY19.

Continued Support from GNCTD: The GNCTD has provided financial support to DTL through subsidy flow and flexible unsecured loan repayments in the past. During FY19, the GNCTD provided additional loans of INR0.5 billion (FY18: INR1.5 billion) for the latter's ongoing capex and may provide another INR0.5 billion by FYE20. 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 power in the national capital.

Regulated Business Operations: DTL has a monopoly in its licence area and its operating efficiencies are high. 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.

Reduction in net ARR for FY20: DTL's net ARR has been decreased by the regulator to INR8.84 billion for FY20 from INR11.2 billion in FY19, primarily on account of the clawback of INR4.84 billion by the commission during the true-up exercise of FY18. The clawback was mainly on account of other income of i) INR2.67 billion booked pertaining to the past power purchase cost (in line with Ind-Ra's expectations), ii) STOA charges of INR1.11 billion, and iii) tariff from ISTS lines of INR0.92 billion.

However, the commission allowed the recovery of DVB arrears. This coupled with the increased regulated rate base, driven by the capex undertaken by DTL, caused the company's gross ARR to rise to INR9.5 billion for FY20 from INR9.00 billion for FY19. Ind-Ra expects DTL to incur capex of INR4.5 billion-5.5 billion annually over FY20-FY21, leading to a rise in gross ARR. Ind-Ra expects the net ARR to remain between INR9.0 billion and INR10.5 billion over the next two-to-three years, as the DVB arrears are likely to have been fully recovered during FY19.

RATING SENSITIVITIES

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

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

- lower-than-expected collections from the discoms in Delhi, leading to a debtor build-up and worsening of the liquidity situation

- a weakening of DTL's linkages with the GNCTD

COMPANY PROFILE

Incorporated in 2002, DTL is a state-owned transmission utility that operates in Delhi NCR. DTL is responsible for running the state load despatch centre, wherein overall system planning, grid management and maintenance, and load despatch functions are handled.

FINANCIAL SUMMARY

Particulars	1HFY20	FY19	FY18
Revenue (INR billion)	6.71	11.28	11.37
EBITDA (INR billion)	5.21	8.03	8.53
Gross interest coverage (x)	15.15	6.47	5.03
Net leverage (x)	0.73	0.83	1.79
Source: Ind-Ra, DTL			

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (billion)	Rating/Outlook	25 January 2019	17 January 2018	26 December 2016
Issuer rating	Long-term	-	IND AA-/Stable	IND A+/Positive	IND A+/Stable	IND A/Negative
Long-term loans	Long-term	INR4.33	IND AA-/Stable	IND A+/Positive	IND A+/Stable	IND A/Negative
Bond programme	Long-term	INR1.2	IND AA-/Stable	IND A+/Positive	IND A+/Stable	IND A/Negative
Fund-based limits	Long-/short-term	INR1.40	IND AA-/Stable/IND A1+	IND A+/Positive/IND A1	IND A+/Stable/IND A1	IND A/Negative/IND A1
Non-fund-based limits (carved out of long-term bank loan facility)	Long-/short-term	INR0.50	IND AA-/Stable/IND A1+	IND A+/Positive/IND A1	IND A+/Stable/IND A1	IND A/Negative/IND A1

ANNEXURE

Instrument Type	ISIN	Date of Issuance	Maturity Date	Coupon Rate (%)	Size of Issue (billion)	Rating/Outlook
Bonds	INE491F07043	2 March 2010	2 March 2019	9.5	INR0.2	WD*

Bonds	INE491F07050	2 March 2010	2 March 2020	9.5	INR0.2	IND AA-/Stable
Bonds	INE491F07068	2 March 2010	2 March 2021	9.5	INR0.2	IND AA-/Stable
Bonds	INE491F07076	2 March 2010	2 March 2023	9.5	INR0.2	IND AA-/Stable
Bonds	INE491F07084	2 March 2010	2 March 2024	9.5	INR0.2	IND AA-/Stable
Bonds	INE491F07092	2 March 2010	2 March 2024	9.5	INR0.2	IND AA-/Stable
Bonds	INE491F07100	2 March 2010	2 March 2025	9.5	INR0.2	IND AA-/Stable
Total					INR1.2	

* Repaid in full

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity levels 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.

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Applicable Criteria

Corporate Rating Methodology

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