

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 / 115

Date: 19th November, 2018

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

Dear Madam

Please find enclosed herewith Half Yearly Report of Delhi Transco Limited for the period ended September 30, 2018.

Thanking you.

Yours faithfully
For Delhi Transco Limited



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

Encl: As above



DELHI TRANSCO LIMITED
(A Govt. of NCT of Delhi Undertaking)
(Shakti Sadan, Kotla Road)
(New Delhi-110001)

HALF YEARLY REPORT

Half Yearly Compliance to be sent to Debenture Holders

A) Declaration in respect of chapter V clause 52 (4)

S.No.	Terms of Issue	Status of Compliance as on 30.09.2018	Remarks
1	Credit Rating	Crisil::BBB+/Positive (Outlook revised from 'Negative' and rating reaffirmed) India Rating Reserch (Formerly FITCH)::IND A +', Outlook Stable	enclosed
2	Asset Coverage Ratio	complied	Annexure-1
3	Debt Equity Ratio	0.42	
4	DSCR Requirement (for half year ending 30.09.2018)	0.96	
	DSCR Requirement (for FY 2017-18)	1.86	
5	ISCR Requirement (for half year ending 31.03.2018)	6.57	
	ISCR Requirement (for FY 2017-18)	4.57	
6	DRR Requirement	Rs.7000.00 Lakhs	
7	Net Worth	Rs.304838.92 Lakhs	
8	Net profit after tax (for half year ending 30.09.2018)	Rs.20561.14	
	Net profit after tax (for FY2017-18)	Rs.62784.45	
9	Earning Per Share	0.52	

B)

Details of Payment of Interest/Redemption

S.No.	Previous Due Dates of Interest/redemption during last half year	Status of Payment	If not paid on due date,status as on date
1	2nd September 2018 (Interest)	Paid	N.A
2	2nd March 2018 (Principal)	Paid	N.A

S.No.	Next Due Dates of Interest & redemption		
1	2nd March 2019 (Interest)		
2	2nd March 2019 (Principal)		

V. Kishore
19/11/18
DM(F)-CA



DELHI TRANSCO LIMITED
(A Govt. of NCT of Delhi Undertaking)
(Shakti Sadan, Kotla Road)
(New Delhi-110001)

Declaration in respect of Chapter V Clause 52 (7)

This is to certify that the proceeds of the non convertible debt securities were used for the purpose for which they were issued.

V. Kishore
19/11/18
DMCF-CA

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

LIMITED REVIEW REPORT

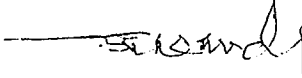
To,
The Board of Directors,
M/s. Delhi Transco Limited,
New Delhi

We have reviewed the accompanying statement of unaudited financial results of M/s Delhi Transco Limited, Shakti Sadan, Kotla Road, New Delhi 110002 for the half year ended 30th September 2018. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on this financial statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the institute of Chartered Accountants of India. These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

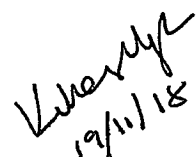
Based on our review conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standard and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 29 of the Listing Agreement for debt securities including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S. N. Nanda & Co.
Chartered Accountants
FRN: 000685N


S. N. Nanda
Partner
M. No. 005909



Date: 14th November 2018
Place: New Delhi

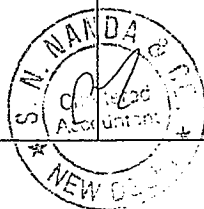

19/11/18



Unaudited financial results for half year ending 30 September 2018

Particulars	₹ Lakhs		
	6 months ended 30.09.2018 (Unaudited)	6 months ended 30.09.2017 (Unaudited)	Year ended 31.03.2018 (Audited)
Revenue			
Revenue from operations	57,263.96	56,213.71	115,547.08
Other income	4,501.08	28,520.54	37,848.67
Total revenue	61,765.04	84,734.25	153,395.75
Expenses			
Employee benefits expense	9,173.53	9,183.78	18,502.15
Finance costs	7,293.14	8,914.53	16,975.68
Depreciation and amortization expense	13,800.81	12,206.80	24,172.44
Other expenses	4,642.93	4,380.19	9,837.76
Total expenses	34,910.41	34,685.30	69,488.03
Profit before tax and exceptional item	26,854.63	50,048.95	83,907.72
Exceptional item	-	-	-
Profit before tax	26,854.63	50,048.95	83,907.72
Tax expense			
Current tax	8,743.35	16,308.90	22,413.44
Deferred tax	656.82	1,116.74	4,890.17
MAT credit entitlement	(3,056.03)	(5,571.99)	(6,114.09)
Total tax expense	6,344.14	11,853.65	21,189.52
Profit for the year	20,510.49	38,195.30	62,718.20
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net actuarial gains/(losses) on defined benefit plans	50.65	4.53	101.31
Income tax relating to above items	-	1.57	35.06
Other comprehensive income for the year	50.65	2.96	66.25
Total comprehensive income for the year	20,561.14	38,198.26	62,784.45
Paid up equity share capital (face value ₹10 each)	395,100.00	395,100.00	395,100.00
Earnings per equity share (Par value ₹10 each)			
Basic & Diluted (₹)	0.52	0.97	1.59
Reserves (excluding revaluation reserve)	(90,261.08)	(135,408.41)	(110,822.26)
Net worth	304,838.92	259,691.59	284,277.74
Paid up debt capital / outstanding debt	127,827.20	181,804.30	176,653.62
Outstanding redeemable preference shares	-	-	-
Debt equity ratio	0.42	0.70	0.62
Debenture redemption reserve	7,000.00	8,000.00	7,000.00
Debt service coverage ratio	0.96	3.10	1.85
Interest service coverage ratio	6.57	7.53	4.57


Chau P. K. MALLIK
 Director (Fin.)



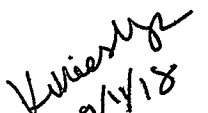
V. K. Singh
 15/11/18

Statement of assets and liabilities

Particulars	₹ Lakhs	
	As at 30.09.2018 (Unaudited)	As at 31.03.2018 (Audited)
ASSETS		
Non-current assets		
Property, plant & equipment	303,994.69	302,854.39
Capital work-in-progress	5,371.08	13,710.50
Intangible assets	14,027.60	14,428.21
Financial assets	44.08	44.08
Other non-current assets	50,055.11	44,592.63
Total non-current assets	373,492.56	375,629.81
Current assets		
Inventories	491.13	455.32
Financial assets		
Trade receivables	162,372.47	173,951.93
Cash and cash equivalent	37,206.22	24,247.37
Other financial assets	10,637.77	11,115.62
Current tax assets (net)	11,064.75	17,886.83
Other current assets	3,397.04	3,540.00
Total current assets	225,169.38	231,197.07
TOTAL ASSETS	598,661.94	606,826.88
EQUITY AND LIABILITIES		
Equity		
Equity share capital	395,100.00	395,100.00
Other equity	(90,261.08)	(110,822.26)
Total equity	304,838.92	284,277.74
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	102,446.40	145,127.30
Provisions	4,885.91	4,631.55
Deferred tax liabilities (net)	40,584.27	39,927.45
Total non-current liabilities	147,916.58	189,686.30
Current liabilities		
Financial liabilities		
Trade payables	26,969.67	27,843.60
Other financial liabilities	46,963.83	42,635.91
Other current liabilities	45,968.24	36,139.48
Provisions	3,316.09	3,156.13
Current tax liabilities	83.47	83.47
Total current liabilities	123,301.30	109,858.59
Deferred revenue	22,605.14	23,004.25
TOTAL EQUITY AND LIABILITIES	598,661.94	606,826.88


P. K. MALLIK
 Director (Fin.)



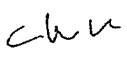

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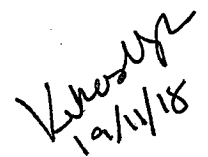
Notes forming part of half yearly financial results for the period ending 30 September 2018

- The financial results for the half year ended 30 September 2018 have been reviewed by Audit Committee and approved by Board of Directors at their meeting held on 14 November 2018. The Statutory Auditors appointed by the company have conducted a limited review of these financial results.
- The financial results of the company have been prepared on accrual basis of accounting in accordance with Indian Accounting Standards ("Ind AS") notified under Companies (Indian Accounting Standards) Rules, 2015 as prescribed under Section 133 of the Companies Act, 2013, the Companies Act, 2013 and the provisions of the Electricity Act, 2003 and the extent applicable.
- In the opinion of the management, there is only one reportable segment ("power transmission & SLDC functions"). Accordingly, no separate disclosure for segment reporting is required to be made in the financial results of the Company. Further, the Company operates only in one geographical segment which is India.
- The operational income (tariff income) for financial year 2018-19 has been recognized on the basis of tariff order passed by DERC dated 28 March 2018.
- Tariff income from SLDC charges has been recognised on the basis of last tariff order passed by DERC for SLDC charges as the tariff order for financial year 2018-19 is yet to be issued.
- Debentures amounting to ₹2,000.00 lakh were redeemed on the date of maturity i.e. 2 March 2018 on yearly basis. The closing balance of Debentures as on 30 September 2018 is ₹ 14,000.00 lakhs. Interest on debentures has been paid on half yearly basis on 2nd March and 2nd September.
- Statutory Auditors have issued qualified opinion in their report on the following matters for financial year 2017-18:
 - As per Accounting Policy, "The interest surcharge on late payment/overdue sundry debtors for transmission of energy is not recognized due to significant uncertainty as to measurability or collectability exists and is therefore accounted for on receipt basis". During the year 2017-18, the company has recognized ₹ 1,889.31 lakhs as income equivalent to TDS deposited by the debtors. As per Indian Accounting Standard-18, "Revenue", revenue should be recognized if there is no uncertainty. As debtors have deducted and deposited TDS, the income became certain and gross amount ₹ 18,893.10 lakhs should have been recognized instead of ₹ 1,889.31 lakhs. Therefore, the profit of the company is understated by the ₹ 17,003.79 lakhs.
 - As per Accounting Policy, depreciation on assets of the transmission of electricity business and on the assets of Corporate & other offices is charged on straight line method, net of their residual values following the rates and methodology notified by the Delhi Electricity Regulatory Commission Tariff Regulations, 2011. Regulations provide that depreciation for first 12 years be charged on rates not fixed and after that on estimated useful life after leaving salvage value of 10%, however the company has charged depreciation on all assets on rates prescribed by regulations. The company has not ascertained useful life of the assets. In some cases the salvage value of assets is less than 10%. The effect of the same on depreciation, amortization and impairment expense has not been ascertained and provided.
 - The company has disclosed various contingent liabilities on account of arbitration/court cases, property tax and other claims. The company has not ascertained the probable outflow as required by Indian Accounting Standard 37, "Provisions, Contingent Liabilities and Contingent Assets".
 - Balances of sundry debtors, sundry creditors and advance to other parties are subject to confirmation and reconciliation. These balances includes outstanding since 2010. The effect of the same is not ascertainable.
 - The Company is discharging function of SLDC/UI energy as a nodal agency. Their bank accounts are in the name of the company but the same are not included in the financial statements. The company as a nodal agency earned interest of ₹ 4,326.33 lakhs on fixed deposits on which TDS ₹ 432.62 lakhs was deducted. No records for the functions of UI energy have been maintained.Directions have been given by the Board of Directors for taking actions on the above observations of the Statutory Auditor. Financial impact of above observations is being ascertained and necessary action shall be taken.
- No investor complaints were pending at the beginning of half year and no complaints were received during the said half year.

By order of the Board of Directors
For Delhi Transco Limited


P.K. Mallik
Director (Finance)
Director (Fin.)
Place : New Delhi
Date : 14 November 2018




19/11/18

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

17

JAN 2018

By Nitin Bansal

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 Vidut 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

Nitin Bansal
12/11/18

Ratings

Rating Rationale

April 26, 2018 | Mumbai

Delhi Transco Limited

Rating outlook revised to 'Positive', rating reaffirmed

Rating Action

Rs.700 Crore Bond	CRISIL BBB+/Positive (Outlook revised from 'Neg rating reaffirmed)
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1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has revised its outlook on the bonds of Delhi Transco Limited (DTL) to 'Positive' from 'Negative' and reaffirmed 'CRISIL BBB+'.

The outlook revision reflects significant improvement in collection efficiency of dues from BSES Rajdhani Power Ltd (BRP, Yamuna Power Ltd (BYPL). DTL received 96% of the amount billed to its counterparties in fiscal 2018, against 64% and 42% in 2017 and 2016, respectively. Also, payment of power subsidy by Government of National Capital Territory of Delhi attributable to BRPL and BYPL, directly to DTL has improved the company's liquidity. Continued receipt of timely payment from counterparties such as BYPL, BRPL, and Tata Power Delhi Distribution Ltd (TPDDL), and sustenance of adequate liquid assets are monitorables.

The rating continues to reflect DTL's monopoly position in Delhi's transmission business, and efficiency of its operations in transmission loss and above normative line availability leading to full recovery of cost under the regulated tariff structure. Strengths are partially offset by weak counterparty risk profile, exposure to risks related to implementation of proposed capex, and modest financial 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 central generating utilities, Pragati Power Corporation Ltd (PPCL) and Indraprastha Power Generation Company Ltd (IPGC), private generators, to discoms in Delhi. DTL's monopoly is likely to continue over 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), 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 cost under regulated tariff structure: DTL operates under a well-developed regulatory framework determined by 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 conditions. DTL has continuously recovered revenue as set in tariff orders issued by DERC, supported by efficient operations with line availability of more than 99%, as against the performance benchmark of 98% set by the regulator for full recovery of cost and RoCE.
- * Efficient operations: Transmission loss of less than 1% on its own network indicates DTL's efficient operating profile. Recovery of receivables from key customers was previously delayed, collection has improved since April 2016. The improvement in collection efficiency is also supported by GoNCTD paying the power subsidy of more than Rs 300 crore annually, attributable to BRPL and BYPL, directly to DTL. The company's transmission network had above-normative line availability leading to full recovery of cost.

Weaknesses:

- * Weak counterparty risk profile: Main counterparties, BRPL and BYPL, accounting for over 60% of DTL's revenue, have a high financial risk profile because of large regulatory asset base and weak gearing. CRISIL believes this led to significant delays in receivables for DTL, adversely impacting liquidity. Receivables increased to Rs 1575 crore as on March 31, 2017, from Rs 375 crore on March 31, 2011. The recovery of dues improved significantly in fiscal 2018 with DTL recovering almost 90% of the amount billed to BRPL and BYPL, against 66% and 33% in fiscals 2017 and 2016, respectively. However, any further build-up of receivables in medium term will be a key rating sensitivity factor.
- * Exposure to risks related to large capex plan: DTL's cash flow depends on successful implementation and subsequent approval of capex by DERC. The company undertook capex of Rs 2500 crore between fiscals 2012 and 2017. The capex needs to be approved by DERC to enable DTL to recover the expense by way of tariff. DTL suffered a large negative true-up of Rs 1035 crore in fiscal 2014 due to downward revision in the capitalisation approved by DERC from fiscal 2008 to fiscal 2012 in the tariff order issued in July 2013 as a result of lower actual capex 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 100 crore as on March 31, 2018 (Rs 100 crore as on March 31, 2017). Cash accrual is expected to be sufficient to cover debt obligations in medium term. Availability of unutilised working capital line of Rs 175 crore supports liquidity. Gearing was moderate at 0.84x.

Kishor
19/4/18