

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 / 27

Date: 31st May, 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 March 31, 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 31.03.2018	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	0.6	
4	DSCR Requirement (for half year ending 31.03.2018)	1.26	
	OSCR Requirement (for FY 2017-18)	1.73	
5	ISCR Requirement (for half year ending 31.03.2018)	3.1	
	ISCR Requirement (for FY 2017-18)	5.56	
6	DRR Requirement	Rs.7000.00 Lakhs	
7	Net Worth	Rs.2,82,988.73 Lakhs	
8	Net profit after tax (for half year ending 31.03.2018)	Rs.23297.14 Lakhs	
	Net profit after tax (for FY2017-18)	Rs.61495.40 Lakhs	
9	Earning Per Share	0.59	

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 March 2018 (Interest)	Paid	N.A
2	2nd March 2018 (Principal)	Paid	N.A

S.No.	Next Due Dates of Interest & redemption		
1	2nd September 2018 (Interest)		
2	2nd March 2019 (Principal)		

P. K. MALLIK
DIRECTOR (FINANCE)
DELHI TRANSCO LIMITED
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Shakti Sadan, Kotla Marg,
New Delhi-110002

V. K. Singh
DM(F)-CA.



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(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.

Vishesh Singh
DM(F)-CA .

PKM
P. K. MALLIK
DIRECTOR (FINANCE)
DELHI TRANSCO LIMITED
(Govt. of NCT of Delhi Undertaking)
Shakti Sadan, Kotla Marg,
New Delhi-110002

S. N. NANDA & CO.
CHARTERED ACCOUNTANTS

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 : info@snnco.net

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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 31st March 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: 15th May 2018
 Place: New Delhi

PKM
 P. K. MALLIK
 DIRECTOR (FINANCE)
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 New Delhi-110002

Vishwanath
 DM(F)-CA

Unaudited financial results for half year ending 31 March 2018

Particulars	₹ Lakhs			
	6 months ended 31.03.2018 (Unaudited)	6 months ended 31.03.2017 (Unaudited)	Year ended 31.03.2018 (Unaudited)	Year ended 31.03.2017 (Audited)
Revenue				
Revenue from operations	62,137.66	54,622.95	1,18,351.37	1,09,237.60
Other income	8,530.35	2,608.58	9,978.37	3,573.24
Total revenue	70,668.01	57,231.53	1,28,329.74	1,12,810.84
Expenses				
Employee benefits expense	8,723.16	9,285.45	17,906.94	16,300.50
Finance costs	8,054.85	8,441.32	16,969.38	18,609.77
Depreciation and amortization expense	14,819.12	10,885.34	27,025.92	21,409.97
Other expenses	6,473.76	6,003.16	10,853.95	8,543.76
Total expenses	38,070.89	34,615.27	72,756.19	64,864.00
Profit before tax and exceptional item	32,597.12	22,616.26	55,573.55	47,946.84
Exceptional item	-	-	27,072.52	-
Profit before tax	32,597.12	22,616.26	82,646.07	47,946.84
Tax expense				
Current tax	6,962.47	5,939.65	23,271.37	11,430.31
Deferred tax	2,511.25	2,782.72	3,627.99	5,533.06
MAT credit entitlement	(170.78)	(1,309.46)	(5,742.77)	(1,309.46)
Total tax expense	9,302.94	7,412.91	21,156.59	15,653.91
Profit for the year	23,294.18	15,203.35	61,489.48	32,292.93
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net actuarial gains/(losses) on defined benefit plans	4.53	(42.27)	9.06	9.06
Income tax relating to above items	1.57	(14.62)	3.14	3.14
Other comprehensive income for the year	2.96	(27.65)	5.92	5.92
Total comprehensive income for the year	23,297.14	15,175.70	61,495.40	32,298.85
Paid up equity share capital (face value ₹10 each)	3,95,100.00	3,95,100.00	3,95,100.00	3,95,100.00
Earnings per equity share (Par value ₹10 each)				
Basic & Diluted (₹)	0.59	0.38	1.56	0.82
Reserves (excluding revaluation reserve)	(1,12,111.27)	(1,73,606.71)	(1,12,111.27)	(1,73,606.71)
Net worth	2,82,988.73	2,21,493.29	2,82,988.73	2,21,493.29
Paid up debt capital / outstanding debt	1,70,508.10	1,95,314.42	1,70,508.10	1,95,314.42
Outstanding redeemable preference shares	-	-	-	-
Debt equity ratio	0.60	0.88	0.60	0.88
Debenture redemption reserve	7,000.00	8,000.00	7,000.00	8,000.00
Debt service coverage ratio	1.26	1.47	1.73	2.10
Interest service coverage ratio	3.10	3.77	5.56	4.16

NANDA & CO

P. K. MALLIK
 Director (Fin.)

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 DIRECTOR (FINANCE)
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V. K. MISHRA
 DM (FD)-CA



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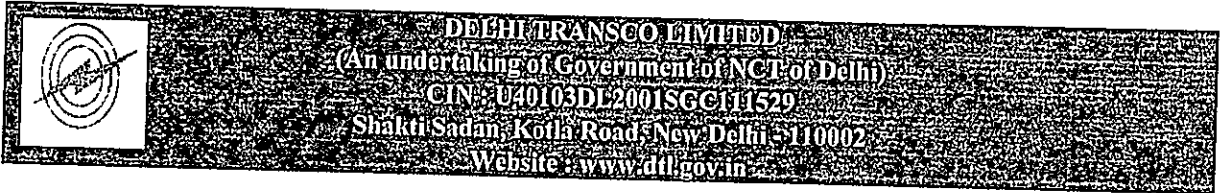
Statement of assets and liabilities

Particulars	₹ Lakhs	
	As at 31.03.2018 (Unaudited)	As at 31.03.2017 (Audited)
ASSETS		
Non-current assets		
Property, plant & equipment	3,08,972.27	3,19,058.65
Capital work-in-progress	12,454.21	6,349.13
Intangible assets	8,823.31	9,434.16
Financial assets	44.08	44.08
Other non-current assets	44,605.88	26,890.98
Total non-current assets	3,74,899.75	3,61,777.00
Current assets		
Inventories	84.20	374.96
Financial assets		
Trade receivables	1,74,092.35	1,57,469.89
Cash and cash equivalent	24,042.03	27,485.91
Other financial assets	10,959.03	9,757.91
Current tax assets (net)	16,077.28	15,047.15
Other current assets	3,717.46	873.38
Total current assets	2,28,972.35	2,11,009.20
TOTAL ASSETS	6,03,872.10	5,72,786.20
EQUITY AND LIABILITIES		
Equity		
Equity share capital	3,95,100.00	3,95,100.00
Other equity	(1,12,111.27)	(1,73,606.71)
Total equity	2,82,988.73	2,21,493.29
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	1,51,800.83	1,55,504.75
Provisions	4,104.84	9,560.09
Deferred tax liabilities (net)	38,633.35	35,002.22
Total non-current liabilities	1,94,539.02	2,00,067.06
Current liabilities		
Financial liabilities		
Borrowings	-	-
Trade payables	29,147.00	24,719.84
Other financial liabilities	36,974.20	83,538.83
Other current liabilities	32,955.57	13,026.07
Provisions	3,151.56	4,172.01
Current tax liabilities	83.47	83.47
Total current liabilities	1,02,311.80	1,25,540.22
Deferred revenue	24,032.55	25,685.63
TOTAL EQUITY AND LIABILITIES	6,03,872.10	5,72,786.20



C. Lu
P. K. MALLIK
 DIRECTOR (FINANCE)
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V. K. M. Srinivasan
DM (F) - CA



Notes forming part of half yearly financial results for the period ending 31 March 2018

- 1 The financial results for the half year ended 31 March 2018 have been reviewed by Audit Committee and approved by Board of Directors at their meeting held on 15 May 2018. The Statutory Auditors appointed by the company have conducted a limited review of these financial results.
- 2 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 in the extent applicable.
- 3 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.
- 4 The operational income (tariff income) for financial year 2017-18 has been recognized on the basis of tariff order passed by DERC dated 31 August 2017.
- 5 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 2017-18 is yet to be issued.
- 6 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 31 March 2018 is ₹ 14,000.00 lakhs. Interest on debentures has been paid on half yearly basis on 2nd March and 2nd September.
- 7 As per transfer scheme of unbundling of Delhi Vidyut Board (DVB), a Trust designated as Delhi Vidyut Board Employee Terminal Benefit Fund, 2002 (ETBF) was established by GNCTD for the payment of post retirement benefits to the employees of erstwhile DVB. The said Trust was funded by GNCTD initially at the time of unbundling and is required to be subsequently funded through the contributions by the successor entities including Delhi Transco Ltd. As per the provisions of Ind AS 19, the defined benefit obligations (post retirement benefits) existing as on date of closing of accounts whether half yearly or yearly as the case may be with the break up in current year service cost and past year service cost is required to be charged to Profit and Loss account of the year concerned. As per Ind AS 19, the value of the aforesaid defined benefit obligations should be accounted for in the accounts on the basis of actuarial valuation. However, pending the actuarial valuation of the obligations of the Pension Trust towards retirement benefits of the employees as on current date (i.e. 31 March 2018), the shortfall, if any, of the contribution payable by the Company to the Pension Trust as on that date could not be ascertained and accounted for accordingly in the accompanying Financial Results.
- 8 During the half year ended on 30 September 2017, the company has received a sum of ₹27,072.52 lakhs (previous period ₹Nil) as credit towards revised tariff from NTPC against the power purchased between 1 March 2005 to 31 March 2007. The amount of this income had been shown as exceptional item.
- 9 Statutory Auditors have issued qualified opinion in their report on the following matters for financial year 2016-17:
 - i) 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 2016-17, the company has recognized Rs. 2035 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 Rs. 20350 lakhs should have been recognized instead of Rs. 2035 lakhs. Therefore, the profit of the company is understated by the Rs.18315 lakhs.



P. K.
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 Director (Fin.)

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- ii) 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 notified 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.
- iii) Non provision of the cumulative shortfall if any as on 31st March 2017 in the recognition of expenditure on retirement benefits in respect of employees employed before unbundling of DVB, company's share of liability has not been ascertained pending the actuarial valuation of the present value of obligations of the Pension Trust towards retirement benefits.
- iv) 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".
- v) The company has paid compensations to various organizations for laying transmission lines. The same should be classified as Right of Way under Intangible Assets. However, the company has capitalized the same along with cost of transmission lines. The Company has not identified cost of such compensations. The effect of the same on depreciation, amortization and impairment expense has not been ascertained and provided.
- vi) Balances of sundry debtors, sundry creditors and advance to other parties are subject to confirmation and reconciliation. These balances includes Rs. 10118.29 lakh outstanding since 2010. The effect of the same is not ascertainable.
- vii) The company is maintaining accounts namely GR/IR account, and Clearing account, 2561 of debit entries amounting to Rs. 31697.54 Laacs and 3377 of credit entries amounting to Rs. 53193.00 Laacs are outstanding which have not been reconciled since 2010. The effect of the same has not been ascertained.
- viii) The Company is discharging function of SLDC/UL 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 Rs.4516.78 lakhs on fixed deposits on which TDS Rs.451.68 lakhs was deducted. No records for the functions of UL 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.

- 10 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

C. K.
P.K. Mallik P. K. MALLIK
Director (Finance) Director (Fin.)

Place : New Delhi
Date : 15 May 2018



C. K.
P. K. MALLIK
DIRECTOR (FINANCE)
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V. K. Sharma
DM(F) - CA

Ratings

CRISIL

An S&P Global Company

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 'Negative' and 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 the rating at 'CRISIL BBB+'.

The outlook revision reflects significant improvement in collection efficiency of dues from BSES Rajdhani Power Ltd (BRPL) and BSES Yamuna Power Ltd (BYPL). DTL received 96% of the amount billed to its counterparties in fiscal 2018, against 64% and 47% in fiscals 2017 and 2016, respectively. Also, payment of power subsidy by Government of National Capital Territory of Delhi (GoNCTD), attributable to BRPL and BYPL, directly to DTL has improved the company's liquidity. Continued receipt of timely payments from key counterparties such as BYPL, BRPL, and Tata Power Delhi Distribution Ltd (TPDDL), and sustenance of adequate liquidity will be key monitorables.

The rating continues to reflect DTL's monopoly position in Delhi's transmission business, and efficiency of its operations in terms of low transmission loss and above normative line availability leading to full recovery of cost under the regulated tariff structure. These strengths are partially offset by weak counterparty risk profile, exposure to risks related to implementation of proposed capital expenditure (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 the central generating utilities, Pragati Power Corporation Ltd (PPCL) and Indraprastha Power Generation Company Ltd (IPGCL), and from 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. Tariff is 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 norms. 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. Although 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 fixed cost.

Weaknesses:

* **Weak counterparty risk profile:** Main counterparties, BRPL and BYPL, accounting for over 60% of DTL's revenue, have weak financial risk profile because of large regulatory asset base and weak gearing. CRISIL believes this led to significant build-up of receivables for DTL, adversely impacting liquidity. Receivables increased to Rs 1575 crore as on March 31, 2017, from Rs 379 crore as on March 31, 2011. The recovery of dues improved significantly in fiscal 2018 with DTL recovering almost 90% of the amount billed from BRPL and BYPL, against 66% and 33% in fiscals 2017 and 2016, respectively. However, any further build-up of receivables over the 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 revenue for fiscal 2014 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 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 188 crore as on March 31, 2018 (Rs 100 crore as on March 31, 2017). Cash accrual is expected to be sufficient to cover debt obligation over the medium term. Availability of unutilised working capital line of Rs 175 crore supports liquidity. Gearing was moderate at 0.84 time as on

March 31, 2017, and improved significantly from 1.55 times as on March 31, 2014, because of steady accretion to reserves and a Government of India grant of Rs 200 crore in fiscal 2015, which is considered as part of network.

Outlook: Positive

CRISIL believes DTL's financial risk profile and liquidity will improve over the medium term given that receipts from discoms remain high.

Upside scenario

* Continued timely recovery of dues from discoms leading to sustenance of adequate liquidity

Downside scenario

* Delays in realisations of dues from discoms

* Weakening of financial flexibility due to change in ability to defer payments to GoNCTD or Delhi Power Company Ltd (DPCL)

About the Company

Negative DTL, established in 2001, is wholly owned by GoNCTD with a direct holding of 93.4% and holding through 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. As a result of 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	2017	2016
Revenue	Rs crore	1103	1145
Profit after tax	Rs crore	323	319
PAT margin	%	29.3	27.9
Adjusted debt/Adjusted network	Times	0.84	1.1
Interest coverage	Times	4.61	4.68

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	9.5%	3-Feb-16	20	CRISIL BBB+/Positive
INE491F07027	Long Term Bonds *	3-Feb-10	9.5%	3-Feb-17	20	CRISIL BBB+/Positive
INE491F07035	Long Term Bonds *	3-Feb-10	9.5%	3-Feb-18	20	CRISIL BBB+/Positive
INE491F07043	Long Term Bonds	3-Feb-10	9.5%	3-Feb-19	20	CRISIL BBB+/Positive
INE491F07050	Long Term Bonds	3-Feb-10	9.5%	3-Feb-20	20	CRISIL BBB+/Positive
INE491F07068	Long Term Bonds	3-Feb-10	9.5%	3-Feb-21	20	CRISIL BBB+/Positive
INE491F07076	Long Term Bonds	3-Feb-10	9.5%	3-Feb-22	20	CRISIL BBB+/Positive
INE491F07084	Long Term Bonds	3-Feb-10	9.5%	3-Feb-23	20	CRISIL BBB+/Positive
INE491F07092	Long Term Bonds	3-Feb-10	9.5%	3-Feb-24	20	CRISIL BBB+/Positive
INE491F07100	Long Term Bonds	3-Feb-10	9.5%	3-Feb-25	20	CRISIL BBB+/Positive
NA	Long Term Bonds #	NA	NA	NA	500	CRISIL BBB+/Positive

* CRISIL is awaiting independent confirmation of redemption before withdrawing ratings on these instruments

Yet to be issued

Annexure - Rating History for last 3 Years

Instrument	Type	Current Outstanding Amount	2018 (History)		2017		2016		2015		Start of 2015
			Rating	Date	Rating	Date	Rating	Date	Rating	Date	
Bond	LT	140.00	CRISIL BBB+/Positive		CRISIL BBB+/Positive	28-04-17	CRISIL BBB+/Negative	20-04-16	CRISIL BBB+/Negative	16-03-15	CRISIL BBB+/Negative

All amounts are in Rs.Cr.

Links to related criteria**CRISILs Approach to Financial Ratios**

https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/Delhi_Transco_Limited_April_26_2018_RR.html

Rating Criteria for Power Distribution UtilitiesRating criteria for manufacturing and service sector companies

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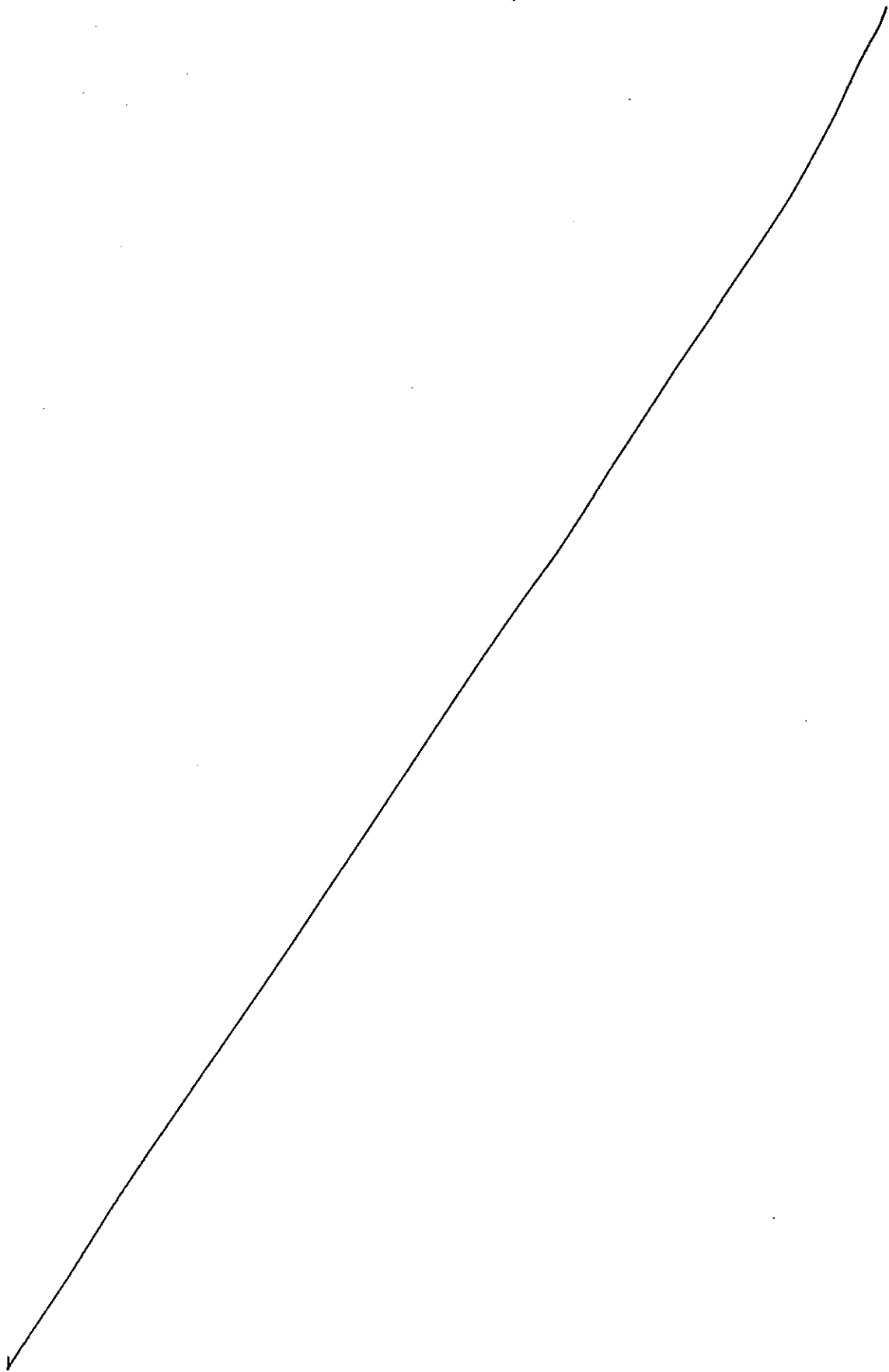
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India Ratings Upgrades Delhi Transco to 'IND A+', Outlook Stable

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 8SES Rajdhan! Power Limited (BRPL; 'IND BB-/Stable'), 8SES Yamuna Power Limited (8YPL) 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.

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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

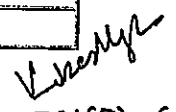
Particulars	FY17	FY16
Revenue (INR million)	10,720	10,863
EBITDA (INR million)	8,236	8,728
Gross interest coverage (x)	4.43	4.39
Net leverage (x)	2.44	2.58
Source: Ind-Ra, DTL		

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	


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COMPLEXITY LEVEL OF INSTRUMENTS

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