दिल्ली ट्रांसको लिमिटेड

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/ 23238064, Website – www.dtl.gov.in

No. F. 42 / DTL / 402 / CS / 2023-24 / 231 Date: 01st February, 2024

Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

Sub: Compliance under Regulation 55 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sir/Madam

This is to intimate that CRISIL has reaffirmed its rating on the bonds of Delhi Transco Limited to '**CRISIL AA-/Stable'**. The rating from CRISIL confirming the same is attached herewith.

Thanking you.

Yours faithfully
For Delhi Transco Limited

PALAK JAIN

Digitally signed by PALAK JAIN
DN: c=IN, st=Uttar Pradesh,
2.5.4.20=6544e1e797bdc86db6f84366c8eb8ceb9cdd75aefdf2a9b02819c20fb896c080, postalCode=250002, street=56 B JAIN NAGAR RAILWAY ROAD,
pseudonym=cf819c3969f5155c98408051ac5db4b8,
serialNumber=ddb822ff936757f8c784274ace43da8f3b4fc278fb3e8b1e1e027bc1c8186ce8, o=Personal, cn=PALAK JAIN
Date: 2024.02.01 11:22:48 +05'30'

(Palak Jain)
Compliance Officer

Encl: As above.

CRISIL
Ratings

Rating Rationale

January 24, 2024 | Mumbai

Delhi Transco Limited

Rating Reaffirmed

Rating Action

Rs.500 Crore Bond	**CRISIL AA-/Stable (Reaffirmed)**
Rs.40 Crore (Reduced from Rs.60 Crore) Bond	**CRISIL AA-/Stable (Reaffirmed)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL AA-/Stable' rating on the bonds of Delhi Transco Ltd (DTL).

Also, CRISIL Ratings has **withdrawn** its rating on Rs.20 crore bonds as these have been redeemed (refer to 'Annexure - Details of Rating Withdrawn'). The rating action is in line with the CRISIL Ratings withdrawal policy.

The rating continues to reflect the stable financial risk profile of the company due to healthy albeit moderated payment collection from BSES Rajdhani Power Ltd (BRPL) and BSES Yamuna Power Ltd (BYPL), which account for over 60% of the revenue. DTL received 100% of the billing and part of LPSC accrued for fiscal 2023 and has received 97% of the amount billed from these two counterparties in the first six months of fiscal 2024; receipts from the remaining counterparties continue to be healthy. However more than 90% of the payment from BRPL and BYPL over past two fiscals were received majorly through routing of subsidies by state government and short-term open access charges collected on behalf of these counterparties. Further DTL adjusts the amounts received from past dues which includes late payment surcharge leading to an overall increase in receivables on yearly basis. Continued receipt of timely payments from key counterparties (BYPL, BRPL and Tata Power Delhi Distribution Ltd [TPDDL]) and sustenance of adequate liquidity will continue to be monitorable. The company has not released audited financials for Fiscal 2023 as the same is pending CAG audit on account of matter of accounting of late payment surcharge. However, the company has been timely filing its unaudited results on exchange.

The company has strong liquidity with ~ Rs. 2200 crore cash (including ~Rs. 1,203 crore Power Sector Development Funds (PSDF)) and unutilised bank limits as on September 30, 2023; this coupled with low fixed debt obligation, keep the debt coverage metrics strengthened. The company has reduced its outstanding debt by Rs. 120 crores in fiscal 2023 and another Rs. 120 crores in first half of fiscal 2024 leading to sustained improvement in the financial risk profile. Interest coverage ratio improved to over 50 times in fiscal 2023 from 20 times in 2021, while capital structure was healthy with gearing at 0.04 times as on March 31, 2023. Expected capital expenditure (capex) of Rs 500-600 crore over the next two fiscals will be funded through internal accrual and liquidity.

The rating reflects the 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 sizeable receivables, weak counterparty risk profile and DTL's dependence on collections from these counterparties through routing of subsidies by state government and short-term open access charges collected on behalf of these counterparties.

Analytical Approach

As part of the rating exercise, CRISIL Ratings has considered the standalone business and financial risk profiles of DTL.

Key Rating Drivers & Detailed Description

Strengths:

Full recovery of cost under the regulated tariff structure

DTL operates under a well-developed regulatory framework. Tariff is determined by the Delhi Electricity Regulatory Commission (DERC) which enables DTL to recover expenses and allow for return on capital employed (includes interest cost), provided it meets the stipulated operating norms of DERC. DTL has continuously recovered revenue as set in tariff orders, supported by efficient operations with line availability of over 99%, against the performance benchmark of 98%.

The company enjoys a natural monopoly and transmits power from 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 favor multiple networks in the same area. Also, as the designated STU (state transmission utility), DTL plans and coordinates the wheeling of power and plays a crucial role in state economy as the entire power available in the state flows through its network.

Efficient operations reflected in above-normative availability
The transmission network of DTL has sustained above-normative line availability over the past several years, leading to full recovery of fixed cost. Transmission loss of less than 1% on its own network indicates the efficient operating profile of the company. Although recovery of receivables from key customers was previously delayed, collection has improved since April 2016 on the back direct receipt of power subsidy of around Rs 300 crore per annum as well as short-term open access charges on behalf of discoms.

Healthy financial risk profile
The financial risk profile has improved with continued healthy collection efficiency from discoms. Gearing reduced to 0.04 time as on March 31, 2023, 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 part of the net worth. Interest coverage ratio steadily increased to 56.1 times in fiscal 2023 from 42 times in fiscal 2022. Financial metrics are expected to further improve over the medium term with sustained accrual and moderate capex.

Weakness:
Weak counterparty risk profile
Main counterparties, BRPL and BYPL, have weak financial risk profiles because of large regulatory asset base and high gearing. This had, in the past, led to significant build-up of receivables, thereby adversely impacting liquidity. Receivables rose to Rs 1,740 crore as on March 31, 2018, from Rs 379 crore as on March 31, 2011. After the Supreme Court order in May 2016, directing the discoms in Delhi to clear the dues of the company, collection efficiency improved significantly. This led to a decline in receivables to Rs 1,083 crore as on March 31, 2020.

Receivables however again increased to Rs 2,305 crore as on March 31, 2023, owing to a change in accounting policy to recognize the late payment surcharge as part of revenues. DTL recorded RS 473 crores as LPSC income during fiscal 2023. However, the discoms (BRPL and BYPL) do not clear these dues due to pending litigation, the overall receivables would continue to build up for DTL. The receivables also remain high due to sizeable past dues of the discoms. CRISIL would continue to monitor the collection efficiency basis the tariff billing and higher than expected build-up of receivables for the tariff billing over the medium term will remain a key rating sensitivity factor.

Liquidity: Strong
The company had cash and bank balance of around Rs. 2,200 crore cash (including ~Rs. 1,203 crore PSDF funds) and unutilised bank limits as on September 30, 2023. Unutilised working capital limit was Rs 140 crore, as on March 31, 2023. Cash accrual and existing liquidity are expected to be sufficient to cover debt obligation and capex over the medium term.

Outlook: Stable
The credit risk profile of DTL is likely to remain healthy over the medium term, supported by regulated tariff structure and ample liquidity following steady collection efficiency from discoms.

Rating Sensitivity Factors
Upward Factors
- Strong collection efficiency of over 95% from discoms along with recovery of past dues, leading to significant decline in receivables.
- Sustained improvement in the financial risk profile on account of healthy operational performance and moderate capex

Downward Factors
- Collection efficiency of tariff billing falling below 80% on a sustained basis, leading to weakening of capital structure
- Any large, debt-funded capex weakening financial risk profile

About the Company
DTL, established in 2001, is wholly owned by GoNCTD with a direct stake of 93.4%, and 6.6% through Delhi Power Company Ltd (DPCL). 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, the company divested its bulk supply business in April 2007; this business was transferred to the three discoms, along with all power purchase agreements signed with DTL by the central power utilities, state generating companies, and private generators. Due to the transfer, DTL is currently involved in transmission and has been designated as an STU in the National Capital Region.

For the six months ended September 30, 2023, DTL reported a profit after tax (PAT) of Rs 439 crore on operating income of Rs 857 crore, against Rs 413 crore and Rs 818 crore, respectively, for the corresponding period previous fiscal.

Key Financial Indicators

Particulars	Unit	2023*	2022
Operating income	Rs.Crore	1572	1559
Profit After Tax (PAT)	Rs.Crore	771	727
PAT Margin	%	49.0	46.7
Adjusted debt/adjusted networth	Times	0.04	0.07
Interest coverage	Times	56.09	42.66

**Provisional*

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. 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)	Complexity Level	Rating assigned with outlook
INE491F07092	Long-term bonds	02-Mar-2010	9.5%	02-Mar-2024	20	Simple	CRISIL AA-/Stable
INE491F07100	Long-term bonds	02-Mar-2010	9.5%	02-Mar-2025	20	Simple	CRISIL AA-/Stable
NA	Long-term bonds#	NA	NA	NA	500	Simple	CRISIL AA-/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)	Complexity Level	Rating assigned with outlook
INE491F07084	Long-term bonds	02-Mar-2010	9.5%	02-Mar-2023	20	Simple	Withdrawn

Annexure - Rating History for last 3 Years

	Current			2024 (History)		2023		2022		2021		Start of 2021
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Bond	LT	540.0	CRISIL AA-/Stable		--	24-01-23	CRISIL AA-/Stable	24-01-22	CRISIL AA-/Stable	29-01-21	CRISIL A+/Positive	Withdrawn

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufaturing and service sector companies
Criteria for Rating power transmission projects
The Infrastructure Sector Its Unique Rating Drivers

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