

May 22, 2009

**CARE REAFFIRMS RATING ASSIGNED TO BANK FACILITIES OF
BSES RAJDHANI POWER LTD.**

CARE has retained the '**CARE BBB**' [**Triple B**] rating to the existing Long-term Bank Facilities of BSES Rajdhani Power Ltd. (BRPL). This rating is applicable for facilities having tenure of over one year. Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk.

Further, CARE has also retained the '**PR3**' [**PR Three**] rating to Short-term Bank Facilities of the company. This rating is applicable for facilities having tenure up to one year. Facilities with this rating would have moderate capacity for timely repayment of short-term debt obligations at the time of rating and carry higher credit risk as compared to facilities rated higher.

Facilities	Amount (Rs. cr)	Rating
Long-term Bank Facilities	2,103.80	'CARE BBB'
Short-term Bank Facilities	418.00	'PR3'
Total	2,521.80	

The ratings take into consideration the high exposure to regulatory risk in terms of revision in tariff and pass-through of cost items, high outstanding liabilities due to debt-funded capital expenditure plans, high Aggregate Technical & Commercial (AT&C) losses as compared to peers and weak debt-servicing indicators. The ratings are however supported by the strong promoter background and reduction in AT&C losses over the years.

Background

BSES Rajdhani Power Ltd. (BRPL) was constituted in July 2001 with the privatisation of unbundled entities of the erstwhile Delhi Vidyut Board (DVB). Post privatisation, 51% of BRPL's equity is held by Reliance Energy Ltd. (part of Reliance - Anil Dhirubhai Ambani Group) along with its associates and the balance 49% is held by the Government of National Capital Territory of Delhi (GoNCTD) through Delhi Power Company Ltd. (DPCL).

For the purpose of distribution of electricity, the National Capital Territory of Delhi (NCTD) is divided into three zones and each zone is allocated to one DISCOM. BRPL covers areas of South and West Delhi covering nearly 11.98 lakh consumers.

During FY08, the income from sale of power was Rs.3,091 cr with negative PBILDT and PAT of Rs.156.2 cr and Rs.449.04 cr, respectively. The loss at PBILDT level was primarily on account of higher power purchase cost and only marginal increase in Retail Supply Tariff. The company has however, shown improved performance during 9MFY09. It recorded PBILDT of Rs.132 cr as compared to loss of Rs.63 cr posted during the same period last year. The primary reasons for this was better per unit realisation from the trading sales, improved operational performance through continuous AT& C loss reduction and tighter control over the cost heads.

Analyst Contact

Name: Jyotsna Gadgil

Tel # 01123318701

Mobile # +919811552926

Email: Jyotsna.gadgil@careratings.com

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