

June 3, 2010

CARE UPGRADES THE RATING ASSIGNED TO THE LT BANK FACILITIES OF BSES YAMUNA POWER LTD. & REAFFIRMS RATING OF ST BANK FACILITIES

Rating

| Instruments | Amount (Rs. cr) | Ratings ¹ | Remarks |
|-----------------------|-----------------|--------------------------------|------------|
| Long-term Loans | 1421.27 | 'CARE BBB+' [Triple B Plus] | Upgraded |
| Fund based Limits | 164.00 | 'CARE BBB+' [Triple B Plus] | Upgraded |
| Non-fund based Limits | 195.00 | 'PR3' [PR Three] | Reaffirmed |
| Short-term Loans | 140.00 | 'PR3' [PR Three] | Reaffirmed |
| Total | 1920.27 | | |

Rationale

The rating revision takes into account the improvement in efficiency parameters including reduction in Aggregate Technical and Commercial (AT&C) losses coupled with wider and improved distribution network. The rating continues to derive strength from the strategic importance of the discom, as well as experience and resourcefulness of the promoters. The rating strengths are partially offset by high exposure to regulatory risk in terms of revision in tariff and pass-through of cost items, debt-funded capital expenditure plans and low debt-servicing indicators. Going forward, the impact of increasing power purchase cost and tariff revision on the overall credit profile shall be the key rating sensitivities.

Background

BSES Yamuna Power Ltd. (BYPL) was constituted in July 2002 with the privatisation of unbundled entities of the erstwhile Delhi Vidyut Board (DVB).

Post privatisation, 51% of BYPL's equity is held by Reliance Infrastructure Ltd. (part of Reliance - Anil Dhirubhai Ambani Group) along with its associates and the balance 49% by the Government of National Capital Territory of Delhi (GoNCTD) through Delhi Power Company Ltd. (DPCL).

BYPL covers areas of Central Delhi and East Delhi covering nearly 10.47 lakh consumers. The company has an HT to LT ratio of 33:67 with close of 8,000 km of distribution cables, covering 160 sq. km. of area.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE Publications

During FY09, the total operating income of BYPL was Rs.2,402 cr with PBILDT and PAT of Rs.222cr and Rs.58 cr, respectively. During 9MFY10, the company has registered total operating income of Rs 2026.3 cr with PBILDT and net loss of Rs.47.7 cr and Rs. 97.7 cr respectively.

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Press Release

CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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