

June 15, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO THE PROPOSED BANK FACILITIES OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION CO LTD.**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	1,000	'CARE A' (Single A)	Reaffirmed
<b>Total Facilities</b>	<b>1,000</b>		

**Rating Rationale**

The rating continues to derive strength from the ownership and financial support of the Government of Maharashtra (GoM), experienced management, low gearing ratios, efforts towards upgradation in transmission network and improvement in system availability and favourable growth potential due to demand-supply gap in power in Maharashtra.

The rating is, however, constrained by largely debt-funded nature of the expansion project and risks associated with their execution.

The ability of MSETCL to maintain operational parameters within the guidelines set by the regulator and timely execution of the projects within the envisaged cost are the key rating sensitivities.

**Company Profile**

MSETCL came into existence on June 6, 2005 after the unbundling of the erstwhile Maharashtra State Electricity Board (MSEB) into four companies. MSETCL is wholly-owned by MSEB Holding Ltd, which is owned by GoM. MSETCL is a regulated monopoly engaged in transmission of electricity in the State of Maharashtra. Its operations are regulated by the Maharashtra Electricity Regulatory Commission (MERC).

In FY09, MSETCL reported a PAT of Rs.134.05 crore on total income of Rs.1,869.95 crore. The company reported total income of Rs.1,187.27 crore and PAT of Rs.129.40 crore in 9MFY10.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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