

MAY 12, 2016

**CARE REAFFIRMS THE RATING ASSIGNED TO THE CPOF
CESC LIMITED**

Rating

Instrument	Amount (Rs. crore)	Rating ¹	Remarks
Commercial Paper (CP) Issue*	1,300.0 (Enhanced from 1,050.0)	CARE A1+ (A One Plus)	Reaffirmed

*CESC maintains that the aggregate outstanding under STD/CP and cash credit shall be within the sanctioned fund based limit

Rationale

The rating continues to derive strength from the established track record of CESC Ltd (CESC), long experience of the promoters, professional and highly qualified management team, high operational efficiency reflected in better-than-normative Plant Load Factor (PLF) & Transmission & Distribution (T&D) loss, full metered supply with almost 100% collection efficiency, healthy financial profile with significant cash accruals, moderate overall gearing ratio and high level of cash surplus (parked in fixed deposits and mutual funds).

The ratings also take into account imposition & payment of additional levy on coal and re-allocation of coal mine assuring uninterrupted coal supply to CESC. The ratings are constrained by CESC's substantial exposure in subsidiaries for implementation of power projects & funding losses and regulatory risks.

The ability of the company to stabilise operation in the ongoing projects under subsidiary companies and approval to pass through additional levy on coal by Regulators are the key rating sensitivities.

Background

CESC Ltd (CESC), incorporated in 1978 and belonging to the RP-Sanjiv Goenka group, is a vertically-integrated power utility engaged in generation, transmission and distribution of electricity to the consumers in its licensed area, covering Kolkata, Howrah and adjoining areas. As on June 30, 2015, the company has three thermal (coal based) power stations with total generating capacity of 1,125 MW serving 2.9 mn consumers in its 567 sq km licensed area. The peak load, so far, handled is more than 2,000 MW. CESC caters to 80-85% of its power requirement out of own generation and balance out of power purchase.

CESC earned PBILDT of Rs.1,673 crore and PAT of Rs.698 crore on operating income of Rs.6,234 crore in FY15 (refers to the period April 01 to March 31). In 9MFY16, the company earned a PAT of Rs.459 crore on operating income of Rs.5,014 crore.

Analyst Contact

Name: Richa Bagaria

Tel # 033-40181653

Email: richa.jain@careratings.com

Mr. Y. H. Malegam, who is an independent director on the board of Firstsource Solutions Ltd, is one of CARE's Rating Committee Members. To comply with the regulations, the member has not participated in the rating process and in the rating committee meeting.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has 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.

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

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. Saikat Roy

Mobile: + 91 98209 98779

E-mail: saikat.roy@careratings.com**Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Mehul Pandya32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU

Mr. Deepak PrajapatiUnit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com

CHANDIGARH

Mr. Sajan Goyal2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI

Mr. V Pradeep KumarUnit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE

Mr. V Pradeep Kumar

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD

Mr. Ramesh Bob401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com

JAIPUR

Mr. Nikhil Soni304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com

KOLKATA

Ms. Priti Agarwal3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI

Ms. Swati Agrawal13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE

Mr. Pratim Banerjee9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691