

August 26, 2019

## West Bengal State Electricity Distribution Company Limited: Rating Withdrawn

### Summary of rating action

Instrument^^	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Bond Series - I	250.00	250.00	[ICRA]BB+ (Negative) Withdrawn
Non-Convertible Bond Series - II	250.00	250.00	[ICRA]BB+ (Negative) Withdrawn
Non-Convertible Bond Series - III	500.00	500.00	[ICRA]BB+ (Negative) Withdrawn
<b>Total</b>	<b>1,000.00</b>	<b>1,000.00</b>	

^^Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the long-term rating of [ICRA]BB+ with Negative outlook outstanding on the non-convertible bond programmes of West Bengal State Electricity Distribution Company Limited (WBSEDCL) accumulating to Rs. 1,000-crore. In accordance with ICRA's policy on withdrawal and suspension of credit ratings ([Link](#)), the rating action follows a request to ICRA from WBSEDCL for rating withdrawal, and ICRA having rated the bonds continuously for five years as well as 50% of the tenure of the bonds.

### Outlook

Not captured as the rated instrument(s) are being withdrawn. Last detailed rating rationale published in July 2019 can be found in the following [Link](#)

### Key rating drivers

Not captured as the rated instrument(s) are being withdrawn. Last detailed rating rationale published in July 2019 can be found in the following [Link](#)

### Liquidity position

Not captured as the rated instrument(s) are being withdrawn. Last detailed rating rationale published in July 2019 can be found in the following [Link](#)

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Policy on Withdrawal and Suspension of Credit Rating</a> <a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Power Distribution Utilities</a>
Parent	Parent: Government of West Bengal The assigned rating factors in the systemic importance that WBSEDCL holds to the power sector in West Bengal, and its healthy financial flexibility, given its status as a 100% State Government owned entity
Standalone	The ratings are based on the standalone financial profile of the company. As on March 31, 2019, WBSEDCL had no subsidiaries and/or associate concerns

## About the company

WBSEDCL was incorporated on February 16, 2007, post unbundling of the erstwhile West Bengal State Electricity Board (WBSEB), in line with the requirement under the Electricity Act 2003. The erstwhile WBSEB has been divided into a) West Bengal State Electricity Distribution Company Limited and b) West Bengal State Electricity Transmission Company Limited (WBSETCL) in accordance with a transfer scheme notified by the Government of West Bengal dated January 25, 2007.

As a part of the transfer scheme, the functions and business of power transmission and load dispatch activities have been transferred to and vested with WBSETCL, and that of power distribution and activities related to hydro-power undertakings have been transferred to and vested with WBSEDCL, which has ~1,063.5 MW of hydro-power capacity, including a 900-MW pumped storage hydro-power plant (primarily for meeting peak power loads).

In FY2019, New Town Electric Supply Company Limited (NTESCL, a distribution licensee in the New Town area in Kolkata) was merged with WBSEDCL. Moreover, the entire business of distribution of electricity and related activities of Durgapur Projects Limited (DPL) would be transferred to WBSEDCL with retrospective effect from December 31, 2018, subject to receipt of relevant Government order.

WBSEDCL is a power distribution licensee for almost the entire state of West Bengal, except for certain areas, which are catered to by private distribution licensees. WBSEDCL accounts for about 80% of the power supply in the state and caters to almost 181 lakh customers (including ~4,671 high voltage customers).

In FY2019, on a provisional basis, the company reported a net loss of Rs. 41.0 crore on an operating income of Rs. 22,211.6 crore, compared to a net loss of Rs. 40.3 crore on an operating income of Rs. 20,688.0 crore in the previous year.

## Key financial indicators

	FY2017	FY2018	FY2019 (Provisional)
Operating Income (Rs. crore)	19,908.3	20,688.0	22,211.6
PAT (Rs. crore)	-25.3	-40.3	-41.0
OPBDIT/OI (%)*	12.8%	11.2%	9.9%
RoCE (%)*	6.3%	5.3%	4.7%
Total Debt/TNW (times)**	0.9	0.9	0.7
Total Debt/OPBDIT (times)*	4.9	5.7	5.6
Interest coverage (times)*	1.6	1.7	1.8

\*includes regulatory income and other non-cash notional income booked during the year; adjusting for non-cash revenues, and including non-operating income, the total debt/EBITDA stood at 14.2 times in FY2018 and 14.5 times in FY2019; \*\*grant and consumer contribution included in capital reserves

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for last three years:

Current Rating (FY2020)					Chronology of Rating History for the Past 3 Years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2020		Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2016
				Aug-19	Jul-19	Oct-18	Jul-17	Mar 16
1 Non-Convertible Bond Series - I	Long Term	250.00	250.00	[ICRA] BB+ (Negative)* (Withdrawn)	[ICRA] BB+ (Negative)	[ICRA] BBB- (Negative)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
2 Non-Convertible Bond Series - II	Long Term	250.00	250.00	[ICRA] BB+ (Negative)* (Withdrawn)	[ICRA] BB+ (Negative)	[ICRA] BBB- (Negative)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
3 Non-Convertible Bond Series - III	Long Term	500.00	500.00	[ICRA] BB+ (Negative)* (Withdrawn)	[ICRA] BB+ (Negative)	[ICRA] BBB- (Negative)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
4 Issuer Rating	-	-	-	-	-	-	IrBBB (Stable)* Withdrawn	IrBBB (Stable)

\*Rating Withdrawn

## Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE411L07015	Non-Convertible Bond Series - I	August 2010	9.34%	August 2025	250.00	[ICRA]BB+ (Negative) (Withdrawn)
INE411L07023	Non-Convertible Bond Series - II	October 2010	9.34%	October 2025	250.00	[ICRA]BB+ (Negative) (Withdrawn)
INE411L07031	Non-Convertible Bond Series - III	August 2011	10.85%	August 2026	500.00	[ICRA]BB+ (Negative) (Withdrawn)

Source: Company

### Annexure-2: List of entities considered for consolidated analysis

Not Applicable.

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