



Press Release

West Bengal State Electricity Distribution Company Limited

June 2, 2025

Ratings

| Instrument Facility / | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|---|----------------------------------|--|--|---|----------------------|
| Secured Redeemable Bond Issue – Series I Tranche I | 250.00 | IVR BBB- / Positive (IVR Triple B minus with Positive outlook) | IVR BBB- / Stable (IVR Triple B minus with Stable outlook) | Outlook revised from Stable to Positive | Simple |
| Secured Redeemable Bond Issue – Series I Tranche II | 250.00 | IVR BBB- / Positive (IVR Triple B minus with Positive outlook) | IVR BBB- / Stable (IVR Triple B minus with Stable outlook) | Outlook revised from Stable to Positive | Simple |
| Secured Redeemable Bond Issue – Series II | 500.00 | IVR BBB- / Positive (IVR Triple B minus with Positive outlook) | IVR BBB- / Stable (IVR Triple B minus with Stable outlook) | Outlook revised from Stable to Positive | Simple |
| Total | 1000.00 (INR One thousand crore) | | | | |

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation continues to factor in strategically important role of West Bengal State Electricity Distribution Company Ltd (WBSEDCL) for the state of West Bengal and its strong foothold in power distribution in the state coupled with healthy financial flexibility available to the company being a wholly-owned entity of Government of West Bengal (GoWB). Further, the rating also considers WBSEDCL’s regulated nature of operations wherein tariffs are based on cost-plus principles, presence of monthly variable cost adjustment (MVCA) for pass-on of higher power purchase cost and high metering of supply and its favourable consumer mix. Further, the rating also take cognizance of the reduction in Distribution and Aggregate Technical & Commercial (AT&C) losses and comfortable capital structure with improvement in overall gearing from 0.67x as on March 31, 2023 to 0.60x as on March 31, 2024 supported by decrease in total debt from Rs.16586.78 crore as on March 31, 2023 to Rs.15439.11 crore as on March 31, 2024. However, these rating strengths remain constrained due to its large accumulated regulatory assets with uncertainty regarding timing/period of recovery of



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regulatory assets. Going forward, Infomerics believes that timely release of regulatory assets and adequate tariff revision by the regulator would be critical and are key rating monitorable. Infomerics has also noted that the principal repayment of 8.50% Pension Trust Bond 2016 has been started from July 2023 which was earlier discontinued by WBSEDCL since June 2018. During FY25 [FY refers to the period from April 1 to March 31], WBSEDCL has repaid Rs.306 crore towards the principal and these bonds outstanding amount stood at Rs. 473.34 crore as on March 31, 2025. These bonds were issued by WBSEDCL to WBSEDCL Employees Pension Fund.

The outlook revised from stable to positive is on the back of expected improvement in its operating efficiency. Further, consistent fund support from the GoWB is also expected to improve liquidity position.

Key Rating Sensitivities:

Upward Factors

- Significant improvement in operating income and profitability leading to sufficient cash accruals to meet its debt repayment obligations on a sustained basis
- Improvement in liquidity profile by way of liquidation of regulatory assets

Downward Factors

- Delay in approval of tariff and truing up of orders by the regulator leading to deterioration in debt protection metrics.
- Deterioration in liquidity profile

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Wholly-owned entity of Government of West Bengal (GoWB) and strategically important role of WBSEDCL for the state of West Bengal**

WBSEDCL came into existence post debundling of WBSEB as a wholly-owned entity of the GoWB. WBSEDCL is a strategically important entity and forms the backbone of the power sector infrastructure for West Bengal. WBSEDCL due to its strategic importance to GoWB has been able to access various funding sources in the past to tide over the short-term liquidity mismatch coupled with have received funding support in the form of grant or equity or interest free short-term loans at regular intervals. During 9MFY25, Government of West Bengal infused equity amounting to Rs.787.14 crore. Furthermore, the,



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Government of West Bengal is also contemplating infusion of further funds in the company to support its operations.

- **Strong foothold in power distribution in West Bengal**

The company has a strong foothold in power distribution in the state of West Bengal with consumer strength of over 2.31 crore as on March 31, 2024. The licensed area of the company 3 covers almost the entire State of West Bengal, barring the licensed area catered by other licensees (CESC Limited, DVC etc).

- **Pass-on mechanism for higher power cost**

The presence of monthly variable cost adjustment (MVCA) mechanism allows the company to pass on the increase in power-purchase costs to the consumer on a monthly basis. The power purchase cost is a major cost component for a power distribution company, accounting for 75-80% of the total cost. Thus, an existence of MVCA mechanism augers well for WBSEDCL.

- **High collection efficiency and metering of supply**

WBSEDCL has nearly 100% metered supply for domestic, industrial customer segments and for agricultural segments. The company's billing procedure is fully computerized thereby leading to an efficient collection mechanism. The collection efficiency, though moderated, remained satisfactory at 98.90% in FY24 as against 99.33% in FY23.

- **Regulated operations under cost-plus tariff scheme**

Under the WBERC Tariff Regulations, 2011, WBSEDCL files with WBERC an application indicating the Annual Revenue Requirement (ARR) depending on the expected cost of distribution and return on equity (16.5%). In case of higher fuel & power purchase cost incurred (than allowed in tariff determination), the company submits petition for Fuel and Power Purchase Cost Adjustment (FPPCA) to be allowed in the future tariff. Moreover, increase in other uncontrollable expenses is also allowed in future tariff.

- **Comfortable capital structure**

The capital structure of the company stood comfortable with its overall gearing and TOL/TNW at 0.60x and 1.52x respectively as on March 31, 2024 compared to 0.67x and 1.51x as on March 31, 2023. Improvement in overall gearing is supported by a reduction in total debt level from Rs. 16586.78 crore as on March 31, 2023 to Rs. 15439.11 crore as on March 31, 2024.

- **Favourable consumer mix**



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WBSEDCL's consumer mix remains favourable with a large presence of domestic consumers (~39%), industrial (~33%) and commercial consumers (~15%), Others account for ~13%, including irrigation (~4%) in FY24.

Key Rating Weaknesses

- **High level of regulatory assets**

Inadequate tariffs in relation to costs have resulted in pile-up of regulatory assets. During FY25, WBERC issued Tariff order for 2025-26 on March 20, 2025. Regulatory assets continued to remain high at Rs.22276.61 crore as on December 31, 2024 as compared to Rs. 21337.23 crore as on March 31, 2024.

- **High AT&C losses albeit improvement in 9MFY25**

While the company has made progress in reducing its Aggregate Technical and Commercial (AT&C) losses to 15.74% in 9MFY25 against 17.17% in FY24, the levels remain above the national target range of 12–15% set under the Revamped Distribution Sector Scheme (RDSS). However, the company is actively focusing on infrastructure upgrades and smart metering. These ongoing initiatives are expected to support further reductions in both distribution and AT&C losses. Timely and effective implementation will be critical to achieving the targeted benchmarks.

Analytical Approach: Standalone.

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Parent & Group support](#)

[Government Support](#)

Liquidity –Stretched



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WBSEDCL's liquidity position is expected to remain constrained as its gross cash accruals are likely to be tightly matched against its debt repayment obligations in the near term. However, deficit/shortfall can be funded by undrawn working capital bank lines, consumer security deposits, stretching payments to creditors and state government funding support. Infomerics believes the company will continue to receive funding support, being a GoWB entity, to meet cash flow mismatches if any.

About the Company

Incorporated in 2007, West Bengal State Electricity Distribution Company Limited (WBSEDCL), wholly owned by the Government of West Bengal, is primarily engaged in the power distribution business in the State of West Bengal. The company has been formed as a part of the unbundling of West Bengal State Electricity Board (WBSEB) which had its operations spanning across complete value chain of generation, transmission and distribution of power. WBSEDCL has the power distribution licensee for nearly the entire state of West Bengal (with consumer strength of around two crore) except for certain areas which are catered by the private distribution licensees.

Financials (Standalone):

| | (Rs. crore) | |
|---|-------------|------------|
| For the year ended/ As on* | 31-03-2023 | 31-03-2024 |
| | Audited | Audited |
| Total Operating Income | 31182.16 | 33826.41 |
| EBITDA | 2754.65 | 3550.83 |
| Profit/Loss after net movements in Regulatory deferral accounts balance & before tax | 28.15 | 124.12 |
| Total comprehensive income for the period (Comprising Profit (Loss) and other Comprehensive Income for the period) | 52.71 | 57.53 |
| Total Debt | 16586.78 | 15439.11 |
| Tangible Net worth | 24773.92 | 25722.89 |
| EBITDA Margin (%) | 8.83 | 10.50 |
| PAT Margin (%) | 0.07 | 0.32 |
| Overall Gearing Ratio (x) | 0.67 | 0.60 |
| Interest Coverage (x) | 1.49 | 1.89 |

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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| Sr. No. | Name of Security/Facilities | Current Ratings (Year 2025-26) | | | Rating History for the past 3 years | | |
|---------|--|--------------------------------|--------------------------------|---------------------|---|---|---|
| | | Type (Long Term/Short Term) | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 |
| | | | | | Jun 05, 2024 | June 6, 2023 | June 8, 2022 |
| 1. | 9.34% Secured Non-Convertible Redeemable Bond | Long Term | 250.00 | IVR BBB- / Positive | IVR BBB- / Stable | IVR BBB- / Stable | IVR BBB- / Stable |
| 2. | 9.34% Secured Non-Convertible Redeemable Bond | Long Term | 250.00 | IVR BBB- / Positive | IVR BBB- / Stable | IVR BBB- / Stable | IVR BBB- / Stable |
| 3. | 10.85% Secured Non-Convertible Redeemable Bond | Long Term | 500.00 | IVR BBB- / Positive | IVR BBB- / Stable | IVR BBB- / Stable | IVR BBB- / Stable |

Analytical Contacts:

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (Formerly Infomerics Valuation and Rating Private Ltd) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.



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Annexure 1: Instrument/Facility Details

| Name of Facility/ /Security | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|--|------------------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| 9.34% Secured Non-Convertible Redeemable Bond | INE411L 07015 | Aug 17, 2010 | 9.34% | Aug 16, 2025 | 250.00 | IVR BBB-/ Positive |
| 9.34% Secured Non-Convertible Redeemable Bond | INE411L 07023 | Oct 26, 2010 | 9.34% | Oct 25, 2025 | 250.00 | IVR BBB-/ Positive |
| 10.85% Secured Non-Convertible Redeemable Bond | INE411L 07031 | Aug 5, 2011 | 10.85% | Aug 4, 2026 | 500.00 | IVR BBB-/ Positive |

Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

| Name of the Security | Detailed Explanation | |
|---|--|--|
| Non- Convertible Redeemable Bond | Financial Covenant | i) The Company shall, during the currency of the Bonds, maintain minimum security cover of 1.00x or such other cover as may be agreed to by the Company and the Trustees and the Investment Institutions participating in the Bond Issue (so long as they continue to hold the Bonds). ii) Not declare or pay any dividend to the Shareholders during any Financial Year unless it has paid the interest, principal amount and any other amounts that may be due in respect of the Bonds then due and payable on the Bonds in such Financial Year |
| | Non- Financial Covenant | Promptly inform the Bond Trustee in writing of any change in the composition of the Board of Directors. |

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at <https://www.infomerics.com/>

