

ANNEXURE I

Rating Rationale

West Bengal State Electricity Transmission Company Limited

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	70.11 (reduced from 87.20)	CARE A; Stable (Single A, Outlook: Stable)	Reaffirmed
Long/Short-term Bank Facilities	325.00	CARE A; Stable/CARE A1 (Single A; Outlook: Stable/A One)	Reaffirmed
Total	395.11 (Rupees Three Hundred Ninety Five crore and Eleven lakh only)		
Long-term Secured Redeemable Bonds Series I – Tranche I	18.30 (reduced from 36.60) (Rupees Eighteen crore and Thirty lakh only)	'CARE A'; Stable (Single A, Outlook: Stable)	Reaffirmed
Long-term Secured Redeemable Bonds Series II	250.0 (Rupees Two Hundred Fifty crore only)		
Issuer Rating	-	'CARE A (Is)'; Stable (Single A (Issuer Rating), Outlook: Stable)	Reaffirmed

Details of facilities in Annexure-1

The issuer rating is subject to the company maintaining overall gearing ratio not exceeding 1x

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities/instruments of West Bengal State Electricity Transmission Co Ltd (WBSETCL) continue to draw strength from the 100% ownership by the Government of West Bengal (GoWB), monopoly status in the power transmission in West Bengal with wide transmission network, strong operational efficiency as indicated by high system availability and low transmission loss, regulated nature of operations based on cost-plus based tariff, satisfactory collection efficiency, stable financial performance in FY18 and 9MFY19, moderate leverage ratios and comfortable liquidity position. The ratings, however, continue to remain constrained by customer concentration risk, exposure to regulatory risk given non-receipt of true-up order post FY13, risk associated with execution and implementation of on-going projects accentuated by possible delays in land acquisition and right of way.

Any deviation from the funding pattern of the project leading to significant change in WBSETCL's capital structure (overall gearing exceeding 1x) and its ability to continue maintaining high system availability, performance of its sole customer (West Bengal State Electricity Distribution Co Ltd (WBSEDCL; rated CARE BBB+; Negative)) and timely collection of