

## ANNEXURE I

### Rating Rationale

#### West Bengal State Electricity Transmission Company Limited

Ratings			Ratings <sup>1</sup>	Rating Action
Facilities/Instruments		Amount (Rs. crore)		
Long-term Facilities	Bank	70.11 (reduced from 87.20)	CARE BBB+; Stable (Triple B Plus, Outlook: Stable)	Revised from CARE A; Stable (Single A; Outlook: Stable)
Long/Short-term Bank Facilities		325.00	CARE BBB+; Stable/CARE A2 (Triple B Plus; Outlook: Stable/A Two)	Revised from CARE A; Stable/CARE A1 (Single A; Outlook: Stable/A One)
<b>Total</b>		<b>395.11</b> (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 BBB+; Stable (Triple B Plus, Outlook: Stable)	Revised from CARE A; Stable (Single A; Outlook: Stable)
Long-term Secured Redeemable Bonds Series II		250.0 (Rupees Two Hundred Fifty crore only)		
Issuer Rating		-	'CARE BBB+ (Is)'; Stable (Triple B Plus (Issuer Rating), Outlook: Stable)	Revised from CARE A (Is); Stable (Single A (Issuer Rating); Outlook: Stable)

Details of instruments in Annexure-1

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

#### Detailed Rationale & Key Rating Drivers

The revision in the ratings assigned to the bank facilities/instruments of West Bengal State Electricity Transmission Company Limited (WBSETCL) is on account of weakening of the credit profile of its main counterparty, viz. West Bengal State Electricity Distribution Company Limited (WBSEDCL; rated CARE BBB-; Negative) from whom the company derives more than 90% of its revenue.

The ratings 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 FY19 (Provisional), moderate leverage ratios, comfortable liquidity position and sufficient financial flexibility for executing debt-laden capex. The ratings, however, continue to remain constrained by customer concentration risk, exposure to regulatory risk given