



West Bengal State Electricity Distribution Company Limited

May 29, 2026

Rating Action

Instrument	Amount (Rs. crore)	Ratings	Rating Action	Regulator [^]
Secured Redeemable Bond Issue – Series I Tranche I	0.00 (250.00)	-	Rating Withdrawn	SEBI
Secured Redeemable Bond Issue – Series I Tranche II	0.00 (250.00)	-	Rating Withdrawn	SEBI
Secured Redeemable Bond Issue – Series II	500.00	IVR BBB/Stable	Rating upgraded; Outlook revised to 'Stable' from 'Positive'	SEBI
Total	500.00 (Rupees Five Hundred Crore Only)			

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The rating upgrade reflects the improvement in the operating performance of West Bengal State Electricity Distribution Company Limited (WBSEDCL), marked by a reduction in distribution and aggregate technical & commercial (AT&C) losses. Further, the rating continues to draw comfort from WBSEDCL's strategically important role 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). The rating also factors in the regulated nature of WBSEDCL's operations, with tariffs determined on a cost-plus basis, the presence of a monthly variable cost adjustment (MVCA) mechanism to pass through higher power purchase costs, high collection efficiency, and comprehensive metering of supply. Further, the rating also considers its comfortable capital structure, as reflected in the improvement in overall gearing from 0.58x as on March 31, 2024 to 0.54x as on March 31, 2025. Infomerics has also taken note of the full repayment of the 8.50% Pension Trust Bond 2016 in FY26 [FY refers to the period from April 1 to March 31]. However, these strengths are partly offset by the company's sizeable accumulated regulatory assets and the uncertainty surrounding the



timing and pace of their recovery. 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.

The rating assigned to 9.34% Secured Non-Convertible Redeemable Bond has been withdrawn based on request for withdrawal of rating received from the company along with no due confirmation from the debenture trustee. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Outlook: Stable

The stable outlook reflects stable business risk profile with strategic importance to the government.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

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 FY25, revenue grant of Rs. 825 crore for FY 2023-2024 and Rs. 2875 crore for FY 2024-25, totalling Rs. 3700 crore has been sanctioned by Government of West Bengal to meet under recovery of cost in Tariff. Out of Rs. 825 crore for FY 2023-2024 and Rs. 675 crore for FY 2024-2025, totalling Rs. 1500 crore, has already been received from Government of West Bengal in FY25. The remaining Rs. 2200 crore has been received in FY26.

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

The company has strong foothold in power distribution in the state of West Bengal with consumer strength of over 2.46 crore as on March 31, 2026. The licensed area of the company 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 efficient collection mechanism. The collection efficiency remained satisfactory at 99.55% in 9MFY26 as against 97.94% in FY25.

- **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 overall gearing at 0.54x as on March 31, 2025 compared to 0.58x as on March 31, 2024 supported by steady accretion to reserves and reduction in total debt level from Rs. 15030.00 crore as on March 31, 2024 to Rs. 14657.71 crore as on March 31, 2025. Total Debt/EBITDA also improved from 4.23x as on March 31, 2024 to 4.04x as on March 31, 2025. Further, total indebtedness of the company as reflected by TOL/TNW also remained satisfactory at 1.61x as on March 31, 2025 compared to 1.52x as on March 31, 2024.

- **Improvement in operating efficiency**

WBSEDCL's distribution loss improved from 15.33% in FY25 to 12.04% in 9MFY26. Further, AT&C losses also improved to 12.48% in 9MFY26 against 17.13% in FY25. Further, collection



efficiency improved from 97.94% in FY25 to 99.55% in 9MFY26 and billing efficiency improved from 84.62% in FY25 to 87.91% in 9MFY26.

Weaknesses

- **High level of regulatory assets**

Inadequate tariffs in relation to costs have resulted into huge pile-up of regulatory assets. During FY25, WBERC issued Tariff order for 2025-26 on March 20, 2025. Regulatory assets, though improved, continued to remain high at Rs. 19522.54 crore as on December 31, 2025 as compared to Rs. 20467.27 crore as on March 31, 2025.

Liquidity – Stretched

WBSEDCL's liquidity position is expected to remain constrained as its cash flow from operations are likely to be tightly matched against its debt repayment obligations in the near term. However, receipt of a revenue grant of Rs. 2200 crore from GoWB in FY26 has supported WBSEDCL's near-term liquidity position, enabling it to meet its bond repayment obligation of Rs. 500 crore due in August 2026. Further, 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.

Rating Sensitivities

Upward Factors

- Sustained reduction in AT&C losses and timely and remunerative tariff revisions resulting in significant improvement in profitability and cash accruals on a sustained basis
- Improvement in Total debt/EBITDA below 3x on a sustained basis

Downward Factors

- Delay in approval of tariff and truing up of orders by the regulator leading to deterioration in debt protection metrics.
- Deterioration in Total debt/EBITDA above 5x on a sustained basis
- Deterioration in liquidity profile

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 except for certain areas which are catered by the private distribution licensees.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2024	31-03-2025	9MFY2026
	Audited	Audited	Unaudited
Total Operating Income	33826.41	38125.68	27746.28
EBITDA	3550.83	3624.79	2005.00
PAT	108.81	120.35	43.56
Total Debt	15030.00	14657.71	-
Tangible Net Worth (TNW)	25722.89	27297.70	-
EBITDA Margin (%)	10.50	9.51	7.23
PAT Margin (%)	0.32	0.31	0.15
Overall Gearing (times)	0.58	0.54	-
Interest Coverage (times)	1.89	1.98	1.47

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Note: FY24 financials are different from the last press release dated June 2, 2025, on account of the company's reclassification of certain balance sheet items as of March 31, 2024.

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](#)

[Government Support](#)

[Policy on Withdrawal of Ratings](#)

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					Jun 02, 2025	Jun 05, 2024	Jun 06, 2023
1.	9.34% Secured Non-Convertible Redeemable Bond	LT	0.00 (250.00)	Withdrawn	IVR BBB-/Positive	IVR BBB-/Stable	IVR BBB-/Stable
2.	9.34% Secured Non-Convertible Redeemable Bond	LT	0.00 (250.00)	Withdrawn	IVR BBB-/Positive	IVR BBB-/Stable	IVR BBB-/Stable
3.	10.85% Secured Non-Convertible Redeemable Bond	LT	500.00	IVR BBB/Stable	IVR BBB-/Positive	IVR BBB-/Stable	IVR BBB-/Stable

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	Listing Status	Regulator [^]	Complexity Indicator
9.34% Secured Non-Convertible Redeemable Bond	INE411L07015	Aug 17, 2010	9.34%	Aug 16, 2025	0.00 (250.00)	Withdrawn	NA	SEBI	Simple
9.34% Secured Non-Convertible Redeemable Bond	INE411L07023	Oct 26, 2010	9.34%	Oct 25, 2025	0.00 (250.00)	Withdrawn	NA	SEBI	Simple
10.85% Secured Non-Convertible Redeemable Bond	INE411L07031	Aug 5, 2011	10.85%	Aug 4, 2026	500.00	IVR BBB/Stable	Listed	SEBI	Simple

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Annexure 2: Facility wise lender details -Not applicable

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

Name of the Instrument		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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA



14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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