



**Press Release**  
**The West Bengal Power Development Corporation Limited**  
**December 18, 2023**

**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1426.17	ACUITE A-   Stable   Assigned	-
Bank Loan Ratings	6564.97	ACUITE A-   Stable   Reaffirmed	-
Bank Loan Ratings	350.00	-	ACUITE A2+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	8341.14	-	-

**Rating Rationale**

Acuite has reaffirmed the long term rating of '**ACUITE A-**' (read as **ACUITE A minus**) and the short term rating of '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs.6914.97 Cr bank facilities of The West Bengal Power Development Corporation Limited (WBPDCCL). The outlook remains '**Stable**'.

Acuite has also assigned the long term rating of '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs.1426.17 Cr bank facilities of The West Bengal Power Development Corporation Limited (WBPDCCL). The outlook is '**Stable**'.

**Rationale for rating**

The rating continues to reflect the steady business risk profile of the company marked by a cost plus based tariff mechanism and assured offtake on account of power purchase agreement with West Bengal State Electricity Distribution Company Limited (WBSEDCL) (rated at ACUITE BBB/Stable/A3+). The rating derives comfort from the support by the Government of West Bengal to WBPDCCL, as and when necessary. These strengths are, however, partly offset by the inherently regulated nature of operations in the electricity generation business and the counterparty exposure to the state distribution entity, WBSEDCL.

**About the Company**

The West Bengal Power Development Corporation Limited (WBPDCCL) was incorporated in July, 1985. Currently, WBPDCCL operates and maintains 17 units at 5 locations, Kolaghat, Bandel, Bakreswar, Santaldih and Sagardighi. The installed capacity of Kolaghat Thermal Power Station is 840 MW, Bakreshwar Thermal Power Station is 1050 MW, Sagardighi Thermal Power Project is 1600 MW, Bandel Thermal Power Station is 275 MW and Santaldih Thermal Power Station is 500 MW. The company has decommissioned two units at Kolaghat Thermal Power Station and one unit at Bandel Thermal Power Station. Further, it has total renewable (Solar) portfolio of 25.54 MW. WBPDCCL supplies all its power to West Bengal State Electricity Distribution Company Limited (WBSEDCL).

**Unsupported Rating**

ACUITE BBB-/Stable

**Analytical Approach**

Acuité has taken a standalone view of the business and financial risk profile of WBPDCCL to arrive at the rating. Acuité has also factored in benefits emanating from the ownership by Government of West Bengal. GoWB's financial support to WBPDCCL is in the form of its 100 per

cent ownership and its guarantee for certain borrowings of WBPDCCL.

## Key Rating Drivers

### Strengths

#### Support from the government of West Bengal

WBPDCCL is a wholly-owned undertaking of the GoWB and a strategically important entity of the power sector infrastructure for the state of West Bengal. The ownership structure provides adequate financial flexibility. It is also the nodal agency of the government for undertaking power generation activity in the state. Being a power generation company, WBPDCCL is mandated to ensure the generation of power from its installed capacity and supply the same to WBSEDCL. WBPDCCL's credit profile is also supported by its access to funds at low cost and its ability to mobilise financial resources from several financial institutions and multilateral development institutions. The rating factors in the financial flexibility of WBPDCCL.

Acuité believes that WBPDCCL, being a 100 per cent undertaking of GoWB, shall continue to benefit from the financial, operational and management support as and when required. The GoWB has demonstrated financial support by way of loans to WBPDCCL on a regular basis. Any changes in the ownership pattern of WBPDCCL or any event that impinges GoWB's overall credit profile shall remain a key rating sensitivity.

#### Strong business risk profile

WBPDCCL has achieved revenues of Rs. 11473.25 Cr in FY2023 as compared to Rs.10249.52 Cr in FY2022. The rise in the operating income is primarily due to increase in generation of power. Further, the company has achieved revenues of Rs.6272.82 Cr till October, 2023 (Provisional). Acuité believes that the business risk profile is strengthened by the increase in usage of captive coal, going forward, which is expected to be increase further.

The cost plus tariff model has translated into steady EBITDA margin for the company of about 18.79 per cent in FY2023. The profitability is driven by superior in Plant Availability Factor (PAF) of 86.39 per cent in FY2023 compared to 85.59 per cent in FY2022, and other operating efficiencies namely reduced oil consumption rate with respect to the normative rate. The Company is also utilising coal from captive coal mines (almost 74 per cent of its coal requirements), which increases its operating efficiency.

#### Inbuilt 'cost plus tariff' structure

The billing of generation charges of WBPDCCL are regulated and required the Annual Revenue Requirement (ARR) under 'cost-plus' based tariff mechanism. The regulator, WBERC allows a post-tax return on equity of 14 per cent and other uncontrollable expenses are allowed to be passed through in tariff through Annual Performance Review (APR) process.

Acuité derives comfort from the cost plus based tariff mechanism.

#### Assured Offtake account on PPA

There is a power purchase agreement between WBSEDCL and WBPDCCL for 15 years up to 2035. As per the agreement, the entire generating capacity of WBPDCCL is allotted to WBSEDCL. WBSEDCL shall purchase such power as per terms conditions set forth in the agreement.

Acuité believes that going forward the long term agreement will continue to ensure assured offtake of the company.

### Weaknesses

#### Working capital intensive nature of operations

The working capital intensive operation of the company is marked by high Gross Current Assets (GCA) of 559 days in March 31, 2023 as compared to 500 days in March 31, 2022. The GCA days are high on account of high debtor days and other current assets. The debtor days stood at 220 days in March 31, 2023 as compared to 177 days as on March 31, 2022. The payments are stretched from the only customer WBSEDCL. The other current assets are high primarily due to the high regulatory assets in the form of fuel cost and fixed cost recoverable. The inventory holding is at 73 days in March 31, 2023 as compared to 36 days in March 31, 2022. Acuité believes that the working capital operations of the company will remain around

similar levels as evident from stretched collection mechanism and high regulatory assets over the medium term.

### **ESG Factors Relevant for Rating**

Not Applicable

### **Rating Sensitivities**

- Continued and timely support from the Government of West Bengal
- Periodical and timely tariff revision
- Any significant increase in receivables from WBSEDCL

### **All Covenants**

None

### **Liquidity Position Adequate**

The state government of West Bengal has given guarantee for the loans borrowed by some banks; which provides financial support to the company. Further, the company's liquidity is adequate marked by the high amount of cash and bank balances of Rs.206.68 Cr as on March 31, 2023 and investment in fixed deposits and other deposits of Rs.4288.45 Cr as on March 31, 2023. However, the current ratio stood moderate at 1.13 as on March 31, 2023. The net cash accruals stood at Rs.1085.86 Cr in FY2023. The debt repayment obligation of Rs.2254.53 Cr in FY2023 was partly met by internal accruals and partly by managing the working capital operations during the same period. The fund based limit remains highly utilised at around 74 per cent over the seven months ended October, 2023. Acuité believes that going forward the liquidity position of the company will improve backed by the gradually improving accruals.

### **Outlook: Stable**

Acuité believes that the company will maintain 'Stable' outlook over the medium term due to the assured offtake on account of PPA with WBSEDCL along with its strategic importance and the support provided by the state government. The outlook may be revised to 'Positive' in case of significant improvement of the financial risk profile, liquidity position and its revenue level. Conversely, the outlook may be revised to 'Negative' in case of any unexpected deterioration in the financial profile, elongation of working capital cycle or any significant pressures on the fiscal position of the state government.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	11473.25	10249.52
PAT	Rs. Cr.	347.45	289.20
PAT Margin	(%)	3.03	2.82
Total Debt/Tangible Net Worth	Times	1.87	1.64
PBDIT/Interest	Times	2.30	2.26

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Mar 2023	Term Loan	Long Term	125.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	550.00	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	350.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	500.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	2.25	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	200.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	204.56	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	270.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	256.92	ACUITE A-   Stable (Assigned)
	Proposed Bank Facility	Long Term	36.92	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	114.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	300.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	194.44	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	1250.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	650.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	483.33	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	300.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	325.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	12.80	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	9.75	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	550.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	200.00	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	350.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	550.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	114.00	ACUITE A-   Stable (Assigned)
		Long		ACUITE A-   Stable

03 Oct 2022	Term Loan	Term	500.00	(Assigned)
	Term Loan	Long Term	9.75	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	550.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	20.25	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	650.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	325.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	1250.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
10 Nov 2021	Cash Credit	Long Term	325.00	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	50.00	ACUITE A2+ (Assigned)
	Cash Credit	Long Term	650.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	550.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	1250.00	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	360.00	ACUITE A2+ (Assigned)



## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	550.00	ACUITE A-   Stable   Reaffirmed
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1250.00	ACUITE A-   Stable   Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	650.00	ACUITE A-   Stable   Reaffirmed
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	500.00	ACUITE A-   Stable   Reaffirmed
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	325.00	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	500.00	ACUITE A-   Stable   Assigned
IDBI Bank Ltd.	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	250.00	ACUITE A-   Stable   Assigned
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	350.00	ACUITE A2+   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	1331.29	ACUITE A-   Stable   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	218.71	ACUITE A-   Stable   Assigned
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	256.92	ACUITE A-   Stable   Reaffirmed
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.25	ACUITE A-   Stable   Reaffirmed
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	9.75	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	125.00	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	200.00	ACUITE A-   Stable   Reaffirmed



Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	100.02	ACUITE A-   Stable   Reaffirmed
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	133.34	ACUITE A-   Stable   Reaffirmed
Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	504.07	ACUITE A-   Stable   Reaffirmed
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	483.33	ACUITE A-   Stable   Reaffirmed
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	114.00	ACUITE A-   Stable   Reaffirmed
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	119.43	ACUITE A-   Stable   Assigned
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	85.00	ACUITE A-   Stable   Assigned
The West Bengal State Co-Operative Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	253.03	ACUITE A-   Stable   Assigned

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### About Acuité Ratings & Research

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