

August 6, 2010

CARE ASSIGNS 'CARE A-' TO THE PROPOSED BOND ISSUE OF WEST BENGAL STATE ELECTRICITY DISTRIBUTION CO LTD.**Rating**

Instrument	Amount (Rs. crore)	Rating ¹	Remarks
Proposed bond issue	500.0	'CARE A-' (Single A minus)	Assigned

Rating Rationale

The above rating draws strength from the 100% ownership of Government of West Bengal (GoWB), its status of being the largest power distribution entity in West Bengal with wide distribution network, assured revenue stream with increasing revenue, low business risk due to regulated operations with cost-plus (as permitted by Regulatory Commission) based tariff, satisfactory profitability, comfortable liquidity position in view of significant cash balance, satisfactory collection efficiency and increasing demand for power. The rating is however, constrained by the short track record of the company as a standalone entity, distribution loss being higher than the regulatory norms, low plant load factor of its hydel generating units, implementation risks of ongoing projects and pending reconciliations and accounting adjustments. The ability of the company to reduce distribution loss and conform to norms set by West Bengal Electricity Regulatory Commission (WBERC) and improvement of operational efficiency shall remain the key rating sensitivities.

Company Profile

WBSEDCL is a 100% GoWB entity unbundled from erstwhile West Bengal State Electricity Board (WBSEB) with effect from April 1, 2007, as a part of power sector reforms in the state of West Bengal. The company is the major power distribution licensee for the state of West Bengal. WBSEDCL, being a state power distribution utility, is also involved in various distribution projects and upgradation of hydel generation facilities.

The company earned PAT (after defd. tax) of Rs.105.2 crore on a net sales of Rs.6,609.1 crore in FY09 as against a net profit of Rs.157.9 crore on net sales of Rs.5,426.4 crore in FY08 (first year of operation post-unbundling of erstwhile WBSEB).

Analyst Contact

Name: Arindam Saha/Sounak Nandi

Tel #: 033-22831800

Mobile 09230531485/09903994946

Email: arindam.saha@careratings.com/sounak.nandi@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Praladnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>