



Rating Rationale

West Bengal Infrastructure Development Finance Corporation Limited

11th August 2017

Brickwork Ratings reaffirmed the ratings for the outstanding NCD issue of ₹ 1000.00 Crs of West Bengal Infrastructure Development Finance Corporation Limited (WBIDFC or the 'Company').

Particulars

Facility Rated	Amount (₹ Crs)	Amount (₹ Crs)	Tenure	Ratings [^]	
	Previous	Present		Previous (12-7-2016)	Present
Bond	1000	1000	Long Term	BWR A- (SO) (Outlook:Stable)	Reaffirmed BWR A- (SO) (Outlook:Stable)
Total	1000	1000	(Rupees One Thousand Crores Only)		

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Instrument	Amount (₹ Cr)	Tenor	Coupon	Issue Date	Maturity	ISIN
NCD	1000	10 Years	9.20%	7-4-2010	6-4-2020	INE740F08397

Rating reaffirmed A- (SO) (Outlook: Stable)

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating continues to derive strength from the credit enhancement in the form of unconditional and irrevocable guarantee of Government of West Bengal (GoWB) for timely payment of principal and interest on the outstanding issue, creation of sinking fund by way of investments in permissible securities so that the maturity value of such securities/deposits would cover up to fifty percent of the principal amounts of the Bonds issued by the company at the time of maturity, financial position of WBIDFCL and the state's fiscal position. The Company has promptly met interest and principal obligations in respect of all its borrowings. Going forward WBIDFCL's ability to maintain Government of West Bengal support, raising funds to improve loan portfolio and timely repayment of debt obligations will be key rating sensitivities.



Rating Outlook: Stable

BWR believes the West Bengal Infrastructure Development Finance Corporation Limited business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the Company achieves higher-than-expected loan portfolio. The rating outlook may be revised to 'Negative' if the Company achieves lower-than-expected loan portfolio.

About the Company

West Bengal Infrastructure Development Finance Corporation Limited (WBIDFC) was incorporated in 1997 as a nodal infrastructure financing company. It is also registered as Non-Banking Finance Company with Reserve Bank of India u/s 45IA of the Reserve Bank of India Act, 1934. It is wholly-owned by the Government of West Bengal, under the administrative control of the Finance Department. The core activity of the Company is to focus on development of infrastructure in West Bengal. The current focus of the Company is in power, steel and construction sectors. In forthcoming years, it would focus on other sectors like educational institutions, hospitals, and telecom.

Management Profile:

WBIDFC's Managing Director is Mr Asok Kumar Das. The boards of directors are appointed by Government of West Bengal.

Issue Details:

Outstanding NCD amount ₹ 1000 Crs

Issue size: Listed and unsecured bond with a face value of ₹ 0.10 Crs each aggregating to ₹ 1000 Crs and coupon rate of 9.20 per cent. The maturity of the bond will fall in April 6, 2020.

Structured Obligations:

The Bond Issues of WBIDFC are based on two structures, namely,

- (I) Unconditional and Irrevocable Guarantee from GoWB
- (II) Sinking Fund mechanism.

The Sinking Fund mechanism involves build-up of funds, which will grow up to 50% of the amount of maturity at the time of redemption of bonds, by way of bank deposits (i.e. fixed deposits and recurring deposits), G-Sec, SDL and triple A rated PSU bonds. The sinking fund shall be kept under lien/pledge with the Bonds Trustee for this specific issue.



Repayment: The coupon will be paid on the last business day of semi-annually ending in June and December. The principal will also be repaid in April 6, 2020.

Company Financial Performance

For the period ended March 31, 2016, WBIDFC reported net revenues of ₹ 348.53 Crs from ₹ 532.78 Crs and PAT has declined to ₹ 77.13 Crs in FY15 to ₹ 24.62 Crs in FY16. During FY16, the Company's net worth increased to ₹ 941.86 Crs from ₹ 917.23 Crs in FY15. Since 2014, the Company's loan portfolio has declined from ₹ 1665.71 Crs to ₹ 1007.51 Crs in FY16 due to the economic scenario in the last couple of years, especially with reference to infrastructure development.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl No	Instrument / Facility	Current Rating (2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Cr)	Rating	12-7-2016	3-7-2015	28-4-2014
1	Bond	Long Term	1000	BWR A-(SO) (Outlook: Stable)	BWR A-(SO) (Outlook: Stable)	BWR A-(SO) (Outlook: Stable)	BWR A-(SO) (Outlook: Stable)

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)
- [Structured Obligation \(SO\) instruments](#)
- [Approach to Financial Ratios](#)

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West Bengal Infrastructure Development Finance Corporation Limited

Key Ratios
Annexure

Key Ratios	FY15	FY16
Result Type	Audited	Audited
Assets Under Management or Total Loan Book (In ₹ Crs)	1007.90	1007.51
Net Interest Income (In ₹ Crs)	85.31	37.25
Net Interest Margin (%)	1.80	1.02
PAT (In ₹ Crs)	77.13	24.62
Gross NPA (%)	3.05	7.22
Net NPA (%)	1.74	5.55
CRAR (%)	66.35	58.79
Tangible Net Worth (In ₹ Crores)	917.23	941.86

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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