

## Feedback Energy Distribution Company Limited

April 05, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	209.68	CARE D (Single D)	Reaffirmed
Long Term / Short Term Bank Facilities	49.00	CARE D / CARE D (Single D / Single D)	Reaffirmed
Short Term Bank Facilities	60.00	CARE D (Single D)	Reaffirmed
<b>Total Bank Facilities</b>	<b>318.68</b> <b>(Rs. Three Hundred Eighteen Crore and Sixty-Eight Lakhs Only)</b>		

### Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Feedback Energy Distribution Company Limited (FEDCO) continue to factor in delays in debt servicing by the company due to its weak financial performance and poor liquidity position.

### Rating Sensitivities

#### Positive Factors - Factors that could lead to positive rating action/upgrade:

- Timely servicing of debt obligations for more than three months.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

#### Weak financial performance and poor liquidity position

The liquidity position of the company continues to remain poor on account of weak financial performance, leading to ongoing delays in debt servicing. Total operating income of the company declined by ~69% in FY21 to Rs.198.27 crore. Company reported negative PBILDT of Rs.56.81 crore as against positive PBILDT of Rs.95.20 crore in FY20. Company reported net loss of Rs.181.54 crore as against net profit of Rs.120.43 crore in FY20. Company is in discussion with lenders for the debt resolution options for the entire debt of the company with options of OTS or revised debt restructuring proposal.

### Key Rating Strength

#### Experienced of parent company and management team in infrastructure services

The Company belongs to the Feedback Infra Group and is a wholly owned subsidiary of FIPL. FIPL is an integrated infrastructure services provider offering design and engineering consultancy, project management, operations & management as well as asset improvement services. The board members include persons having vast experience in the field of infrastructure management and advisory.

### Liquidity: Poor

The liquidity profile of the company remained poor as reflected by delay in debt servicing. Company has reported negative GCA in FY20 & FY21. The current ratio of the company also remained low at 0.49x as on March 31, 2021 (PY: 0.95x).

### Analytical approach: Standalone

### Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Infrastructure Sector Ratings](#)

### About the Company

FEDCO is a wholly owned subsidiary of FIPL and is operating a distribution franchisee business at four divisions in Meghalaya and Tripura each and executes projects pertaining to Network Roll out Implementation (NRI). The scope of work under operating distribution franchisee business includes consumer metering, billing and revenue collection as well as network operations & maintenance. Furthermore, the scope of work also includes automation of metering facility of sub stations, feeders and high value consumers as well as introduction of smart metering into the area. The above scope of work carried by FEDCO is to increase billing and collection efficiency. FEDCO envisages extending the model to other regions across country.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22
Total operating income	641.13	198.27	NA
PBILDT	95.20	-56.81	NA
PAT	120.43	-181.54	NA
Overall gearing (times)	-16.28	-2.15	NA
Interest coverage (times)	1.46	-1.24	NA

A: Audited, NA: Not Available

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

**Annexure-1: Details of Instruments / Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	FY26	181.68	CARE D
Fund-based - LT-Cash Credit		-	-	-	28.00	CARE D
Fund-based - ST-Working Capital Limits		-	-	-	60.00	CARE D
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	49.00	CARE D / CARE D

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	181.68	CARE D	-	1)CARE D (11-Jan-21) 2)CARE BB (CWD) (09-Nov-20) 3)CARE BBB-(CE) (CWN) (22-Oct-20)	1)CARE BBB+(CE); Stable (21-Jan-20)	1)CARE BBB+ (SO); Positive (04-Oct-18)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (16-Sep-19)	1)CARE BBB+ (SO); Positive (04-Oct-18)
3	Fund-based - LT-Cash Credit	LT	28.00	CARE D	-	1)CARE D (11-Jan-21) 2)CARE BB (CWD) (09-Nov-20) 3)CARE BBB-(CE) (CWN) (22-Oct-20)	1)CARE BBB+(CE); Stable (21-Jan-20)	1)CARE A3+ (SO) (04-Oct-18)
4	Fund-based - ST-Working Capital Limits	ST	60.00	CARE D	-	1)CARE D (11-Jan-21) 2)CARE A4	1)CARE A3+(CE) (21-Jan-20)	1)CARE A3+ (SO) (04-Oct-18)

						(CWD) (09-Nov-20)		
						3)CARE A3 (CE) (CWN) (22-Oct-20)		
5	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST*	49.00	CARE D / CARE D	-	1)CARE D / CARE D (11-Jan-21)  2)CARE BB / CARE A4 (CWD) (09-Nov-20)  3)CARE BBB- (CE) / CARE A3 (CE) (CWN) (22-Oct-20)	1)CARE BBB+ (CE); Stable / CARE A3+ (CE) (21-Jan-20)	1)CARE BBB+ (SO); Positive / CARE A3 (SO) (04-Oct-18)
6	Fund-based - LT- Cash Credit	-	-	-				
7	Un Supported Rating-Un Supported Rating (LT/ST)	LT/ST*	-	-	-	1)Withdrawn (09-Nov-20)  2)CARE BB / CARE A4 (22-Oct-20)	1)CARE BBB- / CARE A3 (21-Jan-20)	-

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Working Capital Limits	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure 5: Bank Lender Details for this Company**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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