

IL&FS Engineering and Construction Company Limited

August 13, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	902.81	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	2,188.52	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	3,091.33 (Rs. Three Thousand Ninety-One Crore and Thirty-Three Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

IL&FS Engineering and Construction Company Limited (IECCL) has not serviced its debt obligations since September 2018. The same has been confirmed by the lenders to CARE, as part of CARE's due diligence exercise.

CARE had, vide its press release dated March 27, 2019, placed the ratings of IECCL under the 'issuer non-cooperating' category as IECCL had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. IECCL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls including emails dated August 06, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. CARE's ratings on IECCL's Long-Term and Short-Term bank facilities continue to be denoted as **CARE D; ISSUER NOT COOPERATING**

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

At the time of last rating on June 23, 2020, the following were the key rating factors (updated for the information available from stock exchange)

Key Rating Weaknesses

Default in Debt Servicing Obligations:

There are continued delays and defaults on IECCL's principal and interest payments. IECCL has been classified as an NPA since 2019. The same has been confirmed by the lenders to CARE, as part of its due diligence exercise.

Analytical approach: Consolidated

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[Criteria for Short term instruments](#)

[Rating Methodology: Consolidation](#)

[Financial Ratios – Non-Financial Sector](#)

[Rating Methodology – Infrastructure Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Policy on Curing Period](#)

About the Company

IL&FS Engineering and Construction Company Limited (IECCL) promoted by Infrastructure Leasing & Financial Services Limited group (IL&FS, rated CARE D, holds 42.25%) inducted Saudi Bin Laden Group of Saudi Arabia (SBG, holds 27.87%) as the second major shareholder.

IECCL is engaged in infrastructure development which includes construction and project management services operating across different countries. The company also undertakes construction of roads, buildings and industrial structures, irrigation canals projects.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	1253.78	602.51
PBILDT	-73.46	46.1
PAT	-2043.78	-405.06
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	1.77

A: Audited; NM: Not Meaningful; Note: Financials are classified as per CARE internal standards

Based on provisional results for nine months ended December 31, 2020, IECCL reported TOI of Rs. 196.82 crore and reported Loss of Rs. 103.12 crore.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Complexity level of various instruments: Please refer Annexure-3

Annexure-1: Details of Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	352.81	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits	-	-	-	550.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Working Capital Limits	-	-	-	2188.52	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

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	352.81	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19) 2)CARE D (05-Oct-18) 3)CARE BB; Negative (04-Sep-18) 4)CARE BBB-;

								Stable (04-Apr-18)
2.	Fund-based - LT-Working Capital Limits	LT	550.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19) 2)CARE D (05-Oct-18) 3)CARE BB; Negative (04-Sep-18) 4)CARE BBB-; Stable (04-Apr-18)
3.	Non-fund-based - ST-Working Capital Limits	ST	2188.52	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19) 2)CARE D (05-Oct-18) 3)CARE A4 (04-Sep-18) 4)CARE A3 (04-Apr-18)
4.	Commercial Paper- Commercial Paper (Standalone)	ST	-	-	-	-	-	1)Withdrawn (11-Sep-18) 2)CARE A1+ (SO) (04-Apr-18)

*Issuer did Not Cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-Working Capital Limits	Simple

Note on complexity levels of the rated instrument: 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.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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