

APRIL 09, 2015

## CARE REVISES RATINGS TO THE BANK FACILITIES/NCD OF IL&FS ENERGY DEVELOPMENT COMPANY LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long Term Bank Facilities – Term Loan	1,185.00	CARE A (single A)	Revised (from CARE A- [Single A Minus])
Long Term Bank Facilities – Cash Credit	50.00	CARE A (Single A)	Revised (from CARE A- [Single A Minus])
Bank Facilities – Long Term (Non Fund Based)	50.00	CARE A (Single A)	Revised (from CARE A- [Single A Minus])
<b>Total Facilities</b>	<b>1,285.00</b>		

**Other Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Unsecured Non-Convertible Debenture issue	100.00	CARE A (Single A)	Revised (from CARE A- [Single A Minus])

**Rating Rationale**

CARE has revised the rating assigned to the various bank facilities/instruments of IL&FS Energy Development Company Ltd (IEDCL) from CARE A- to CARE A. The revision factors in substantial completion of various projects developed through subsidiaries and associate entities. Out of total capacity under development of around 3,100MW through various subsidiaries/JVs; as on March 2015, 1,545MW capacity is already commissioned and remaining capacity of 1,548MW is nearing completion. Further, the company has already met the large part of its financial commitments towards various projects under implementation and next phase of expansion would be contingent to successful fund raising through various available options including securitization of wind energy assets or equity issuances or stake sale. The rating continues to reflect its strong parentage viz. Infrastructure Leasing & Financial Services Ltd (IL&FS; rated CARE AAA/CARE A1+), managerial and financial support it receives from IL&FS, significant experience and proven track record of IEDCL in implementation of various large-sized power projects. The ratings, however, continue to be tempered by project execution and implementation risks associated with projects under development, medium term investment commitments to meet funding requirement of subsidiaries/associates and high counter-party risk for the operational power projects under the various SPVs due to weak financial health of the state power distribution utilities.

The company's ability to maintain a healthy capital structure, majority ownership and continued support from the parent and commercialization of key investments in a timely manner are the key rating sensitivities.

**Background**

IEDCL, a subsidiary in which Infrastructure Leasing & Financial Services Ltd. (IL&FS; rated CARE AAA/CARE A1+) owns majority stake (91.07%) is spearheading IL&FS's initiatives in the power segment and associated in development of various capacities aggregating to more than 13,000MW through conventional and non-conventional energy sources to be implemented over a period of the next five to six years. IEDCL's range of services includes project development, project appraisal, and project/programme management consultancy. IEDCL also provides advisory services to state governments, large public sector companies as well as private sector clients on all facets of power project development and implementation.

The company reported profit after tax (PAT) of Rs.19.49 crore on a total operating income of Rs.275.42 crore in FY14 as against PAT of Rs.13.23 crore on a total operating income of Rs.132.03 crore in FY13.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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