

JUNE 17, 2016

CARE REVISES THE RATINGS ASSIGNED TO LONG TERM INSTRUMENTS/BANK FACILITIES OF IL&FS ENERGY DEVELOPMENT COMPANY LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long Term Bank Facilities– Term Loan	1,185.00	CARE A+ (Single A Plus)	Revised from CARE A
Long Term Bank Facilities– Cash Credit	50.00	CARE A+ (Single A Plus)	
Bank Facilities – Non Fund Based – Long Term	50.00	CARE A+ (Single A Plus)	
Non-Convertible Debentures [#]	500.00	CARE A+ (Single A Plus)	
Total bank facilities	1,785 (Rupees One Thousand Seven Hundred Eighty Five Crore Only)		

#Amount outstanding as on June 15, 2016 is Rs.350 crores

Rating Rationale

CARE has revised the ratings assigned to the various long term instruments/bank facilities of IL&FS Energy Development Company Ltd (IEDCL) due to strengthening of credit profile of the company. The company has largely completed and operationalised all its capacity i.e. ~92% (2,841MW) of its total capacity and balance of 241MW is in advanced stages of completion. Further, the rating also favourably factors improved capital structure of IEDCL post divestment of OTPC stake and wind assets and with operationalisation and stabilization of U-I (600MW) of the thermal plant i.e. IL&FS Tamilnadu Power Company Ltd.(1200MW).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 and stable outlook for the power sector in India.

The rating strengths, however, continue to be partially tempered high counter-party risks for the operational power projects under the various Special Purpose Vehicles (SPVs) due to weak financial health of the state power distribution utilities.

The company's ability to maintain majority ownership, receive need based support from the parent, stabilization of U-II after CoD, timely mitigating revenue risks by entering into remunerative long term PPA for U-II (600MW) of its SPV i.e. IL&FS Tamilnadu Power Company Ltd. and commercialization of key investments in timely manner remain major 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 various capacities with different power generation projects. The company has installed capacity of 2,841MW alongwith 241MW of capacity under construction as on March 31, 2016 with mix of conventional and non-conventional energy sources. IEDCL's range of services includes project development, project appraisal, training & capacity building 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. IL&FS is one of India's leading infrastructure development and finance companies. IL&FS has a proven track record and has successfully implemented and also undertakes operation and maintenance of various infrastructure projects in roads and urban infrastructure segment. The company has strong capabilities in appraising of infrastructure projects and mobilizing resources for the same.

IEDCL reported net profit of Rs.301.66 crore on a total operating income of Rs.263.61 crore in FY16 as against loss of Rs. 4.42 crore on a total operating income of Rs.411.30 crore in FY15.

Analyst Contact

Name: Ms Rajashree Murkute

Tel: 022- 6754 3440

Email: rajashree.murkute@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.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.

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.

CONTACT**Head Office Mumbai****Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: saikat.roy@careratings.com**Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,

Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100/09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 /0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037

Tel: +91-422-4332399/4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213/14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691