

March 11, 2013

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF
IL&FS ENERGY DEVELOPMENT COMPANY LTD.****Rating**

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long Term Fund Based Bank Facilities – Term Loan	192.94	CARE A- [Single A Minus]	Reaffirmed
Total Facilities	192.94		

Rating Rationale

The reaffirmation of the rating reflects the strong parentage and support of Infrastructure Leasing & Financial Services Ltd. (IL&FS; rated CARE AAA/A1+) in IL&FS Energy Development Company Limited (IEDCL) demonstrated through infusion of funds in IEDCL and significant experience and proven track record of IL&FS in implementation of various large-size infrastructure projects. The rating also positively factors in completion of various power generation projects by IEDCL and its subsidiaries with aggregate capacity of 857 MW as on Jan 31, 2013 reducing implementation related risks to an extent.

The rating however, continues to be tempered by project execution and implementation risks associated with projects under development, relatively large investment commitments to meet equity funding requirement of subsidiaries / associates and high counter-party risk due to weak financial risk profile of discoms.

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

Background

IL&FS Energy Development Company Limited (IEDCL), a subsidiary in which Infrastructure Leasing & Financial Services Ltd. (IL&FS; rated CARE AAA/A1+) owns majority stake (87.54%), is spearheading IL&FS's initiatives in the power segment and associated in various capacities with different power generation projects aggregating to more than 12,000 MW 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, 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.

IEDCL reported a total operating income of Rs. 110.10 crore in FY12 [refers to period April 01 to March 31] as against Rs.69.88 crore reported in FY11. The company earned Profit after Tax (PAT) of Rs.11.96 crore in FY12 vis-à-vis Rs.0.79 crore earned in FY11.

The company earned PAT of Rs. 5.41 crore on total operating income of Rs. 69.38 crore in H1FY13.

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications



Press Release

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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