

IL&FS Energy Development Company Limited

December 22, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term-Inter-Corporate Deposit (ICD) Issue	100.00	Provisional CARE AAA (SO); Stable [Provisional Triple A (Structured Obligation); Outlook: Stable]	Assigned
Total	100.00 (Rupees One hundred crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the long-term Inter-Corporate Deposit (ICD) issue of IL&FS Energy Development Company Limited (IEDCL) derives strength from the unconditional and irrevocable support undertaking from Infrastructure Leasing and Financial Services Limited (IL&FS) to the effect that it will provide requisite support that will enable IEDCL to pay ICDs on due dates in the event the company is not able to meet such obligations through its own resources. The rating will remain provisional till the receipt of final executed version of support undertaking from IL&FS.

The rating of CARE AAA; 'Stable'/CARE A1+ of various borrowing programme of IL&FS reflects its strong institutional ownership, experienced management, expertise in the infrastructure sector, financial flexibility and demonstrated ability to offload investments successfully.

For detailed rating rationale of IL&FS, please refer to our website www.careratings.com.

Detailed description of the key rating drivers

Key Rating Strengths

An unconditional and irrevocable support undertaking from IL&FS

Unconditional and irrevocable support undertaking from IL&FS in the favour of the long-term ICD holders to the effect that IL&FS will provide requisite support that will enable IEDCL to repay ICDs on due dates in the event IEDCL is not able to meet such obligations through its own resources.

Analytical approach: For arriving at rating of IEDCL ICDs, CARE has considered standalone credit profile of Infrastructure Leasing and Financial Services (IL&FS) Limited, which has provided unconditional and irrevocable support undertaking.

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Rating Methodology: Factoring Linkages in Ratings](#)

[Rating Methodology - Infrastructure Sector Ratings](#)

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

About the Company

IEDCL, a subsidiary in which Infrastructure Leasing & Financial Services Ltd. (IL&FS; rated CARE AAA; 'Stable'/CARE A1+) owns majority stake (91.42%) 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 2,842MW with additional 228 MW of solar/wind capacity under construction as on March 31, 2017 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

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

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. IEDCL has strong capabilities in appraising of infrastructure projects and mobilizing resources for the same. The company' and its group's installed/operational capacity as on March 31, 2017 is as follows:

OPERATIONAL CAPACITY	(MW)
Wind	876
Solar	40
Total Renewable capacity	916
OTPC (Gas)	727
ITPCL (Coal) – U-I (600MW) & U-II (600MW)	1200
Total Operational capacity (A)	2,842
Under Construction/Implementation:	
Wind/Solar projects	228
Total (B)	228
Total (A+B)	3,070

Brief Financials- Consolidated (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	1,664.27	3,413.76
PBILDT	919.07	1,784.36
PAT	(265.78)	(41.82)
Interest coverage (times)	1.00	1.23
Overall Gearing (times)	4.43	4.38

A: Audited;

About the Credit Enhancement Provider

IL&FS is one of India's leading infrastructure development and finance companies promoted by the Central Bank of India (CBI), Housing Development Finance Corporation (HDFC) and Unit Trust of India (UTI). IL&FS was established with twin mandates of providing financial services and to develop infrastructure projects under a commercial format. The shareholding pattern of the company has undergone a considerable change over the years with wider participation of other domestic as well as foreign institutional investors. IL&FS received certificate of registration as Core Investment Company (CIC-ND-SI) from RBI dated September 11, 2012.

IL&FS's income profile constitutes interest income from loans given to subsidiaries/group companies, dividend received from subsidiaries (mainly IFIN, IEDCL, ITNL and IL&FS Investment Managers Ltd.), brand fees received from group companies, rental income from business centre and profit from divestment of its exposure in group entities.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

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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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

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/outlooks 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/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Inter-corporate Deposit (ICD) issue	-	-	-	100.00	Provisional CARE AAA (SO); Stable

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	-	-	-	-	-	-	1)Withdrawn (19-Aug-14)
2.	Fund-based - LT-Cash Credit	LT	50.00	CARE A+; Stable	1)CARE A+; Stable (09-Oct-17)	1)CARE A+ (03-Nov-16) 2)CARE A+ (22-Sep-16) 3)CARE A+ (17-Jun-16)	1)CARE A (29-Jan-16) 2)CARE A (09-Apr-15)	1)CARE A- (23-Dec-14)
3.	Non-fund-based - LT-BG/LC	LT	50.00	CARE A+; Stable	1)CARE A+; Stable (09-Oct-17)	1)CARE A+ (03-Nov-16) 2)CARE A+ (22-Sep-16) 3)CARE A+ (17-Jun-16)	1)CARE A (29-Jan-16) 2)CARE A (09-Apr-15)	1)CARE A- (23-Dec-14)
4.	Term Loan-Long Term	LT	1037.85	CARE A+; Stable	1)CARE A+; Stable (09-Oct-17)	1)CARE A+ (03-Nov-16) 2)CARE A+ (22-Sep-16) 3)CARE A+ (17-Jun-16)	1)CARE A (29-Jan-16) 2)CARE A (09-Apr-15)	1)CARE A- (23-Dec-14)
5.	Debentures-Non Convertible Debentures	LT	300.00	CARE A+; Stable	1)CARE A+; Stable (09-Oct-17)	1)CARE A+ (03-Nov-16) 2)CARE A+ (17-Jun-16)	1)CARE A (29-Jan-16) 2)CARE A (18-May-15) 3)CARE A (09-Apr-15)	1)CARE A- (13-Feb-15)
6.	Debentures-Non Convertible Debentures	LT	200.00	CARE A+; Stable	1)CARE A+; Stable (09-Oct-17)	1)CARE A+ (03-Nov-16) 2)CARE A+ (17-Jun-16)	1)CARE A (29-Jan-16) 2)CARE A (18-May-15)	-
7.	Fund-based - ST-Term loan	ST	200.00	CARE A1 [@]	1)CARE A1 (09-Oct-17)	-	-	-
8.	Inter-corporate Deposit (ICD)	LT	100.00	Provisional CARE AAA (SO); Stable	-	-	-	-

[@]Unaccepted rating

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