

**IL&FS Energy Development Company Limited** (Revised)

October 5, 2018

**Ratings**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Facilities	1137.85	<b>CARE D (Single D)</b>	Removed from credit watch; Rating revised from CARE BB- (Double B Minus)
<b>Total Facilities (A)</b>	<b>1137.85</b> <b>(Rupees one thousand one hundred thirty seven crore and eighty five lakh only)</b>		

Instruments	Amount (Rs. crore)	Rating	Rating Action
Non-Convertible Debentures	900.00	<b>CARE D (Single D)</b>	Removed from credit watch; Rating revised from CARE BB- (Double B Minus)
Proposed Non-Convertible Debentures	100.00	<b>CARE D (Single D)</b>	Removed from credit watch; Rating revised from Provisional CARE BB- (Provisional Double B Minus)
Long Term-Inter-Corporate Deposit (ICD) Issue	100.00	<b>CARE D (Single D)</b>	Removed from credit watch; Rating revised from Provisional CARE BB- (Provisional Double B Minus)
<b>Total Instruments (B)</b>	<b>1,100.00</b> <b>(Rupees one thousand one hundred crore only)</b>		
<b>Total Bank facilities/instruments (A+B)</b>	<b>2237.85</b> <b>(Rupees two thousand two hundred thirty seven crore and eighty five lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The revision in the rating of IL&FS Energy Development Company Limited (IEDCL) factors in the delay in debt servicing obligation on one of its rated facilities.

**Detailed description of the key rating drivers****Key Rating Weaknesses**

**Delays in servicing of debt obligations:** The company had delayed in its debt servicing obligation of on one of its rated facilities. In addition, the refinancing risk is high, given the sizeable near term repayment obligations and the company's impaired financial flexibility.

**Deterioration in the liquidity profile of its parent, IL&FS:** As a part of the deleveraging plan, IL&FS group had envisaged monetization of certain identified assets to reduce debt levels, infusion of equity capital to decrease leverage as well as have a funding line from promoter entities as a liquidity measure. However, the deleveraging has taken longer than expected time, while uncertainty about the timely infusion of funds vis-à-vis impending debt payment obligations in the near term has severely impacted the liquidity profile of the parent and the group entities.

**Analytical approach:** For analyzing the credit risk profile of IEDCL, CARE has analyzed the credit on a consolidated basis

**Applicable Criteria**

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

**About the Company**

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

IEDCL, a subsidiary in which Infrastructure Leasing & Financial Services Ltd. [IL&FS; rated CARE D]) 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 2803.5MW with additional 100MW of wind capacity under construction as on June 30, 2018 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. 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 June 30, 2018 is as follows:

<b>OPERATIONAL CAPACITY</b>	<b>(MW)</b>
Wind	875.9
Solar	1.0
<b>Total Renewable capacity</b>	<b>876.9</b>
OTPC (Gas)	726.6
ITPCL (Coal) – U-I (600MW) & U-II (600MW)	1200.0
<b>Total Operational capacity (A)</b>	<b>2803.5</b>
<b>Under Implementation:</b>	
Wind Project	100
<b>Total (B)</b>	<b>100</b>
<b>Total (A+B)</b>	<b>2903.5</b>

<b>Brief Financials- Consolidated (Rs. crore)</b>	<b>FY16 (A)</b>	<b>FY17 (A)</b>
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, financial are reclassified as per CARE standards

**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](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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**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**

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/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	Nov-2021	1037.85	CARE D
Fund-based - LT-Cash Credit	-	-	-	50.00	CARE D
Non-fund-based - LT-BG/LC	-	-	-	50.00	CARE D
Debentures-Non Convertible Debentures	Jun 07, 2016	Zero Coupon	Jun 28, 2019	200.00	CARE D
Debentures-Non Convertible Debentures	Mar 16, 2018	11.00%	Apr 16, 2021	50.00	CARE D
Debentures-Non Convertible Debentures	NA	NA	NA	250.00	CARE D
Debentures-Non Convertible Debentures	May 28, 2018	9.50%	May 28, 2025	145.00	CARE D
Debentures-Non Convertible Debentures	May 28, 2018	9.53%	Aug 28, 2026	60.00	CARE D
Debentures-Non Convertible Debentures	May 14, 2018	9.50%	May 14, 2025	195.00	CARE D
Debentures-Non Convertible Debentures	NA	NA	NA	100.00	CARE D
Debt	NA	NA	NA	100.00	CARE D

**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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Cash Credit	LT	50.00	CARE D	1)CARE BB- (Under Credit watch with Negative Implications) (6-Sep-18) 2)CARE A+ (Under Credit watch with Negative Implications) (31-Aug-18)	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)
2.	Non-fund-based - LT-	LT	50.00	CARE D	1)CARE BB-	1)CARE A+;	1)CARE A+	1)CARE A

	BG/LC				(Under Credit watch with Negative Implications) (6-Sep-18) 2)CARE A+ (Under Credit watch with Negative Implications) (31-Aug-18)	Stable (09-Oct-17)	(03-Nov-16) 2)CARE A+ (22-Sep-16) 3)CARE A+ (17-Jun-16)	(29-Jan-16) 2)CARE A (09-Apr-15)
3.	Term Loan-Long Term	LT	1037.85	CARE D	1)CARE BB- (Under Credit watch with Negative Implications) (6-Sep-18) 2)CARE A+ (Under Credit watch with Negative Implications) (31-Aug-18)	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)
4.	Debentures-Non Convertible Debentures	LT	300.00	CARE D	1)CARE BB- (Under Credit watch with Negative Implications) (6-Sep-18) 2)CARE A+ (Under Credit watch with Negative Implications) (31-Aug-18)	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)
5.	Debentures-Non Convertible Debentures	LT	200.00	CARE D	1)CARE BB- (Under Credit watch with Negative Implications) (6-Sep-18) 2)CARE A+ (Under Credit watch with Negative Implications) (31-Aug-18)	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)
6.	Fund-based - ST-Term loan	-	-	-	-	1)CARE A1 (09-Oct-17)	-	-
7.	Debt	LT	100.00	CARE D	1)Provisional CARE BB- (Under Credit watch with Negative Implications) (25-Sep-18)	1)Provisional CARE AAA (SO); Stable (22-Dec-17)	-	-

					2)Provisional CARE BB (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)Provisional CARE AA+ (SO) (Under Credit watch with Negative Implications) (31-Aug-18)			
8.	Debentures-Non Convertible Debentures	LT	205.00	CARE D	1)CARE BB- (Under Credit watch with Negative Implications) (25-Sep-18) 2)CARE BB- (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)CARE AA (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 4)CARE AA+ (SO); Stable (08-Jun-18) 5)Provisional CARE AA+ (SO); Stable (30-May-18) 6)Provisional CARE AA+ (SO); Stable (25-May-18) 7)Provisional CARE AA+ (SO); Stable (18-May-18)	1)Provisional CARE AA+ (SO); Stable (27-Mar-18) 2)Provisional CARE AA+ (SO); Stable (05-Feb-18)	-	-
9.	Debentures-Non Convertible Debentures	LT	195.00	CARE D	1)CARE BB- (Under Credit watch with Negative Implications) (25-Sep-18) 2)CARE BB- (SO) (Under Credit watch with Negative	-	-	-

					Implications) (10-Sep-18) 3)CARE AA (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 4)CARE AA+ (SO); Stable (08-Jun-18) 5)CARE AA+ (SO); Stable (30-May-18) 6)Provisional CARE AA+ (SO); Stable (25-May-18) 7)Provisional CARE AA+ (SO); Stable (18-May-18)			
10.	Debentures-Non Convertible Debentures	LT	100.00	CARE D	1)Provisional CARE BB- (Under Credit watch with Negative Implications) (25-Sep-18) 2)Provisional CARE BB- (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)Provisional CARE AA (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 4)Provisional CARE AA+ (SO); Stable (08-Jun-18)	-	-	-

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