

## IL&FS Engineering and Construction Company Limited

March 27, 2019

### Ratings

Facilities	Amount(Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Facilities	902.81	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating;based on best available information
Short-term Facilities	2,188.52	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating;based on best available information
<b>Total Bank facilities</b>	<b>Rs.3,091.33 crore (Rupees Three Thousand Ninety One Crore and Thirty Three Lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

IL&FS Engineering and Construction Company Limited (IECCL) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on IECCL's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING**.

*Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).*

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

##### *Delay in debt-servicing obligations*

Delays and defaults on IECCL's principle and interest payment continue. The same has been confirmed by lender to CARE, as part of its due diligence exercise.

**Analytical approach:** For analyzing the credit risk profile of IECCL, CARE has adopted consolidated approach for the assessment of IECCL's credit.

#### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

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

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

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### About the Company

IECCL is engaged in infrastructure development which includes construction and project management services operating across different countries.

Subsequent to the Satyam Scam, in September 2009, Infrastructure Leasing and Financial Services group was inducted by Company Law Board (CLB) of India as the new promoter of IECCL (erstwhile Maytas Infra Limited) with the mandate to put the company back on track. As on June 30, 2018, IL&FS group holds 42.25% in the company.

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

In 2009, along with induction of IL&FS as the new promoter, IECCL got a Corporate Debt Restructuring (CDR) package approved, whereby lenders agreed to convert the existing facilities into fresh loans, preference and equity shares. In 2010, Saudi Bin Laden Group of Saudi Arabia (SBG, holds 27.87% of equity share capital) was inducted as the second major shareholder.

Since assuming charge, IL&FS has worked aggressively and rebuilt the company by developing a comprehensive and implementable business plan for the company, finalized a restructuring package enabling the organization to grow, securing new orders to enhance the profitability. IECCL presently undertakes construction of roads, industrial structures, irrigation canals and dams, rural and urban electrification and power projects. The company has forayed into new business segments such as sea ports, rail and rail based systems including metros, oil and gas sector, water treatment, and power transmission and distribution.

Brief Financials –Consolidated	FY17 (A)	FY18 (A)
	(Rs. crore)	(Rs. crore)
Total operating income	1938.44	2112.25
PBILDT	263.79	399.74
PAT	(46.29)	15.16
Overall gearing (times)	NM	NM
Interest coverage (times)	0.76	0.98

A: Audited and reinstated as per IND AS

**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.

**Analyst Contact:**

Name : Rajashree Murkute  
 Tel : 022-6754 3458  
 Board : 022-6754 3456  
 Email : [rajashree.murkute@careratings.com](mailto:rajashree.murkute@careratings.com)

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

**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
Fund-based - LT-Term Loan	-	-	March 2023	352.81	CARE D;ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)
Fund-based - LT-Working Capital Limits	-	-	-	550.00	CARE D;ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)
Non-fund-based - ST-Working Capital Limits	-	-	-	2188.52	CARE D;ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)

## 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-Term Loan	LT	352.81	CARE D	1)CARE BB; Negative (11-Sep-18) 2)CARE BBB-; Stable (04-Apr-18)	-	1)CARE BBB-; Stable (09-Feb-17)	1)CARE BBB- (21-Jan-16) 2)CARE BBB- (22-Apr-15)
2.	Fund-based - LT-Working Capital Limits	LT	550.00	CARE D	1)CARE BB; Negative (11-Sep-18) 2)CARE BBB-; Stable (04-Apr-18)	-	1)CARE BBB-; Stable (09-Feb-17)	1)CARE BBB- (21-Jan-16) 2)CARE BBB- (22-Apr-15)
3.	Non-fund-based - ST-Working Capital Limits	ST	2188.52	CARE D	1)CARE A4 (11-Sep-18) 2)CARE A3 (04-Apr-18)	-	1)CARE A3 (09-Feb-17)	1)CARE A3 (21-Jan-16) 2)CARE A3 (22-Apr-15)
4.	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	1)Withdrawn (11-Sep-18) 2)CARE A1+ (SO) (04-Apr-18)	1)CARE A1+ (SO) (20-Jul-17) 2)Provisional CARE A1+ (SO) (12-Jul-17) 3)Provisional CARE A1+ (SO) (29-Jun-17)	-	-

**CONTACT****Head Office Mumbai**

**Ms. Meenal Sikchi**  
 Cell: + 91 98190 09839  
 E-mail: [meenal.sikchi@careratings.com](mailto:meenal.sikchi@careratings.com)

**Ms. Rashmi Narvankar**  
 Cell: + 91 99675 70636  
 E-mail: [rashmi.narvankar@careratings.com](mailto:rashmi.narvankar@careratings.com)

**Mr. Ankur Sachdeva**  
 Cell: + 91 98196 98985  
 E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)

**Mr. Saikat Roy**  
 Cell: + 91 98209 98779  
 E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)

**CARE Ratings Limited****(Formerly known as Credit Analysis & Research Ltd.)**

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](mailto:care@careratings.com)**AHMEDABAD**

**Mr. Deepak Prajapati**  
 32, Titanium, Prahaladnagar Corporate Road,  
 Satellite, Ahmedabad - 380 015  
 Cell: +91-9099028864  
 Tel: +91-79-4026 5656  
 E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)

**BENGALURU**

**Mr. V Pradeep Kumar**  
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
 No. 30, M.G. Road, Bangalore - 560 001.  
 Cell: +91 98407 54521  
 Tel: +91-80-4115 0445, 4165 4529  
 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**CHANDIGARH**

**Mr. Anand Jha**  
 SCF No. 54-55,  
 First Floor, Phase 11,  
 Sector 65, Mohali - 160062  
 Chandigarh  
 Cell: +91 85111-53511/99251-42264  
 Tel: +91- 0172-490-4000/01  
 Email: [anand.jha@careratings.com](mailto:anand.jha@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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto:pratim.banerjee@careratings.com)

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