

## IL&FS Engineering and Construction Company Limited

June 23, 2020

### Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long term bank facilities	902.81	<b>CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Based on best available information
Short term bank facilities	2188.52	<b>CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Based on best available information
<b>Total Facilities</b>	<b>3091.33 [Rs. Three Thousand and Ninety-One Crore and Thirty-Three Lakhs only]</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

IL&FS Engineering and Construction Company Limited (IECCL) has not serviced its debt obligations since September 2018. The same has been confirmed by the lenders to CARE, as part of CARE's due diligence exercise. CARE has also received monthly NDS from IECCL till May 2020, stating defaults in the debt servicing.

CARE had, vide its press release dated March 27, 2019, placed the ratings of IECCL under the 'issuer non-cooperating' category as IECCL had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. IECCL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls including emails dated June 11, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information.

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

### Detailed description of the key rating drivers

*At the time of last rating on March 27, 2019, the following were the key rating factors (updated for the information available from stock exchange)*

### Key Rating Weaknesses

#### **Default in Debt Servicing Obligations:**

*There are continued delays and defaults on IECCL's principal and interest payments. IECCL has not serviced its debt obligations since September, 2018. The same has been confirmed by the lenders to CARE, as part of its due diligence exercise. CARE has also received monthly NDS till May, 2020 stating defaults in the debt servicing.*

**Analytical approach:** Consolidated

### Applicable Criteria

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

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

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

[Criteria for Short term instruments](#)

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

[Criteria on Infrastructure sector](#)

[Rating Methodology: Toll Road Projects](#)

### About the Company

IL&FS Engineering and Construction Company Limited (IECCL) promoted by Infrastructure Leasing & Financial Services Limited group (IL&FS, rated CARE D, holds 42.25%) inducted Saudi Bin Laden Group of Saudi Arabia (SBG, holds 27.87%) as the second major shareholder. As on March 31, 2019, IL&FS group had exposure of Rs.2047.07 crore in IECCL in form of equity and loans and advances.

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

\*Issuer did not cooperate; Based on best available information

IECCL is engaged in infrastructure development which includes construction and project management services operating across different countries. The company also undertakes construction of roads, buildings and industrial structures, irrigation canals projects.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	2162.73	1252.77
PBILDT	450.60	-74.46
PAT	15.16	-2043.78
Overall gearing (times)	NM	NM
Interest coverage (times)	1.10	-0.26

A: Audited; NM: Not Meaningful; Note: Financials are classified as per CARE internal 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

#### Annexure-1: Details of 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* Issuer not cooperating; Based on best available information
Fund-based - LT-Working Capital Limits	-	-	-	550.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Working Capital Limits	-	-	-	2188.52	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

\*Issuer did not cooperate; Based on best available information

## 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	352.81	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19) 2)CARE D (05-Oct-18) 3)CARE BB; Negative (04-Sep-18) 4)CARE BBB-; Stable (04-Apr-18)	-
2.	Fund-based - LT-Working Capital Limits	LT	550.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19) 2)CARE D (05-Oct-18) 3)CARE BB; Negative (04-Sep-18) 4)CARE BBB-; Stable (04-Apr-18)	-
3.	Non-fund-based - ST-Working Capital Limits	ST	2188.52	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19) 2)CARE D (05-Oct-18) 3)CARE A4 (04-Sep-18) 4)CARE A3 (04-Apr-18)	-
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)

\*Issuer did Not Cooperate; Based on best available information

**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

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