

Title

India Ratings Affirms IL&FS Financial Services' Debt Instruments at 'IND D'

Brief

India Ratings and Research (Ind-Ra) has affirmed IL&FS Financial Services Ltd's (IFIN) debt instruments as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Subordinated debt (long term)*	-	-	-	INR11,000	IND D	Affirmed
Non-convertible debenture (long term)*	-	-	-	INR49,850	IND D	Affirmed
Short-term debt/commercial paper programme^	-	-	-	INR7,000	IND D	Affirmed
Bank loan (long term)	-	-	-	INR7,587.50	IND D	Affirmed

^Unutilised

*Details in annexure

Analytical Approach

Ind-Ra continues to take a standalone view of IFIN to arrive at the rating.

Detailed Rationale of the Rating Action

The affirmation reflects IFIN's continued delays in debt servicing since September 2018.

List of Key Rating Drivers

Weaknesses

- Delayed debt repayment

Strengths

· None

Detailed Description of Key Rating Drivers

Delayed Debt Repayment: The ratings continue to reflect IFIN's missed payments on contractual debt obligations. The IL&FS group is functioning under a resolution framework wherein payments are made mostly to meet operational expenses to ensure the going concern status of the company. The group remains in a cash conserving mode while making efforts towards asset monetisation.

IFIN submitted re-casted standalone financial statements for FY14-FY18. As per the re-casted financials, IFIN had a negative net worth as on 31 March 2018 and made a loss of INR33 billion for FY18 (as compared to a profit in original financials of FY18). The major difference between the original and the re-casted financials is the overstatement of its revenue from operations in the original financials and the understating of its provisions. The revenue from operations in the re-casted financials stood at INR17 billion as compared to INR23 billion in the original financials. Furthermore, the provisions and the write-offs stood at INR16.6 billion in the re-casted financials as compared to INR4.2 billion in the original financials.

Liquidity

Poor: IFIN has been in continuous default since September 2018, and the liquidity is poor.

Rating Sensitivities

Negative: Not applicable

Positive: Timely debt servicing for at least three consecutive months could result in a positive rating action.

Disclosures for CE Rating

na

Disclosures for Provisional Rating

na

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on IFIN, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

Any Other Information

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About the Company

IFIN was a non-banking finance company that provided credit and other services such as debt syndication and corporate advisory.

Key Financial Indicators

Particulars (INR million)	FY18 (Re-casted)*	FY17 (Re-casted)*
Total assets (adjusted)#	168,774	163,031
Total equity (adjusted)*	-45,408	-27,137
Net income	-33,224	-13,154
Source: IFIN recasted financials, Ind-Ra analysis		
*adjusted for deferred tax asset, intangible assets and non convertible redeemable cumulative preference shares		
#adjusted for provisions for NPA, Deferred tax asset and intangible assets		

Applicable Criteria

- Evaluating Corporate Governance
- Default Recognition and Post-Default Curing Period
- The Rating Process
- Financial Institutions Rating Criteria
- Non-Bank Finance Companies Criteria
- Rating FI Subsidiaries and Holding Companies
- Rating of Financial Institutions Legacy Hybrids and Sub-Debt

Status of Non-Cooperation with Previous Rating Agency

IFIN has been classified under the non-cooperation by issuer category by ICRA Limited and Brickwork Ratings India Private Limited due to inadequate information provided by the company.

Rating History

Instrument Type*	Current Rating/Outlook			Historical Rating/ Outlook			
	Rating Type	Rated Limits (million)	Current Rating	17 May 2024	9 November 2023	20 October 2023	17 November 2022
Issuer rating	Long-term	-	-	-	-	WD	IND D
Non-convertible debentures	Long-term	INR49,850	IND D	IND D	IND D		IND D
Subordinated debt	Long-term	INR11,000	IND D	IND D	IND D		IND D
Short-term debt/commercial paper	Short-term	INR7,000	IND D	IND D	IND D		IND D
Bank loan	Long term	INR7,587.5	IND D	IND D	IND D		IND D

*Short-Term Issuer Rating was withdrawn on 10 March 2023

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Subordinated debt	Moderate
Bank loan	Low
Non-convertible debenture	Low
Short-term debt/commercial paper programme^	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Non- Convertible Debentures:

ISIN	Date of Issue	Coupon (%)	Date of Maturity	Size of Issue (million)	Rating
INE121H07885	28 September 2012	9.54	28 September 2022	INR500.00	IND D
INE121H07935	17 September 2013	10.50	17 September 2018	INR1,750.00	IND D
INE121H07992	28 January 2014	9.90	28 January 2019	INR1,075.00	IND D
INE121H07AB6	3 July 2014	9.50	3 July 2019	INR2,530.00	IND D
INE121H07AC4	3 July 2014		3 July 2024	INR470.00	IND D
INE121H07AD2	28 August 2014	9.60	28 August 2019	INR372.50	IND D
INE121H07AE0	28 August 2014	9.55	28 August 2024	INR60.00	IND D
INE121H07AH3	18 September 2014	9.65	18 September 2019	INR2,000.00	IND D
INE121H07AI1	30 September 2015	8.70	30 September 2018	INR1,500.00	IND D

INE121H07AL5	21 March 2016	8.90	21 March 2019	INR370.00	IND D
INE121H07AM3	21 March 2016		21 March 2021	INR180.00	IND D
INE121H07AO9	28 March 2016	8.90	28 March 2019	INR250.00	IND D
INE121H07AP6	28 March 2016		28 March 2021	INR900.00	IND D
INE121H07AQ4	28 March 2016		28 March 2023	INR580.00	IND D
INE121H07AR2	28 March 2016	8.85	28 March 2026	INR510.00	IND D
INE121H07AS0	31 March 2016	8.90	31 March 2021	INR50.00	IND D
INE121H07AT8	31 March 2016	8.85	31 March 2026	INR700.00	IND D
INE121H07AV4	3 June 2016	8.75	3 December 2018	INR150.00	IND D
INE121H07AW2	3 June 2016		3 June 2019	INR150.00	IND D
INE121H07AX0	3 June 2016		3 June 2021	INR550.00	IND D
INE121H07BA6	9 June 2016	8.75	9 June 2021	INR500.00	IND D
INE121H07BC2	14 June 2016	8.75	14 June 2019	INR50.00	IND D
INE121H07BD0	14 June 2016		14 June 2021	INR290.00	IND D
INE121H07BE8	14 June 2016		14 June 2023	INR110.00	IND D
INE121H07BF5	21 June 2016	8.78	21 June 2021	INR1,000.00	IND D
INE121H07BG3	21 June 2016	8.80	21 June 2023	INR300.00	IND D
INE121H07BI9	28 June 2016	8.78	28 June 2021	INR250.00	IND D
INE121H07BK5	18 July 2016	8.65	18 July 2021	INR750.00	IND D
INE121H07BM1	1 August 2016	8.90	1 August 2026	INR1,000.00	IND D
INE121H07BL3	1 August 2016	8.75	1 August 2021	INR250.00	IND D
INE121H07BN9	5 August 2016	8.60	5 August 2021	INR1,000.00	IND D
INE121H07BP4	16 August 2016	8.75	16 August 2026	INR600.00	IND D
INE121H07BQ2	12 September 2016	8.51	12 September 2026	INR1,000.00	IND D
INE121H07BR0	28 September 2016	8.22	28 September 2021	INR1,000.00	IND D
INE121H07BS8	30 September 2016	8.50	30 September 2026	INR350.00	IND D
INE121H08107	6 December 2016	8.65	6 June 2022	INR1,500.00	IND D
INE121H08115	6 December 2016	8.65	6 December 2021	INR3,000.00	IND D
INE121H08123	6 December 2016	8.68	6 December 2023	INR1,000.00	IND D
INE121H08131	6 December 2016	8.68	6 December 2026	INR500.00	IND D
INE121H07BT6	20 February 2017	8.50	20 February 2027	INR500.00	IND D
INE121H07BU4	5 April 2017	8.23	5 April 2027	INR1,000.00	IND D
INE121H07BV2	22 June 2017	8.00	22 June 2024	INR1,000.00	IND D
INE121H07BX8	1 August 2017	7.75	1 August 2022	INR400.00	IND D
INE121H07BZ3	1 September 2017	7.75	1 September 2022	INR1,000.00	IND D
INE121H07BY6	1 September 2017	7.80	1 September 2024	INR850.00	IND D
INE121H07CA4	28 March 2018	8.75	28 March 2023	INR2,000.00	IND D
INE121H07CB2	16 April 2018	8.70	16 April 2025	INR1,000.00	IND D
INE121H07CC0	3 May 2018	8.70	3 May 2025	INR1,000.00	IND D
INE121H07CD8	4 July 2018	9.30	4 July 2023	INR500.00	IND D
			Utilised NCDs	INR38,347.50	
			Unutilised NCDs	INR11,502.50	
			Total	INR49,850.0	
*Amount outstanding on 31 August 2018					
Source: Company, NSDL					

Subordinated debt

ISIN	Date of Issue	Coupon (%)	Date of Maturity	Size of Issue (million)	Rating
INE121H08016	28 December 2011	10.3	28 December 2021	INR2,000.00	IND D
INE121H08024	22 March 2012	10.3	22 March 2022	INR2,000.00	IND D
INE121H08032	29 June 2012	10.15	29 June 2022	INR2,000.00	IND D
INE121H08057	27 November 2012	9.55	27 November 2022	INR1,000.00	IND D
INE121H08065	28 February 2013	9.55	28 February 2023	INR1,000.00	IND D
INE121H08073	27 January 2016	8.9	27 January 2026	INR350.00	IND D
INE121H08081	22 March 2016	9.03	22 March 2026	INR650.00	IND D
INE121H08099	29 September 2016	8.69	29 September 2026	INR1,000.00	IND D
INE121H08164	23 April 2018	8.9	23 April 2028	INR1,000.00	IND D
			Total	INR11,000.00	
*Amount outstanding on 31 August 2018 Source: Company, NSDL					

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