

IL & FS Financial Services Limited

March 12, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Non-convertible debentures	4,800	CARE D [Single D]	Reaffirmed
Non-convertible Redeemable Cumulative Preference Shares	250	CARE D [Single D]	Reaffirmed
Subordinate Debt	1,100	CARE D [Single D]	Reaffirmed
Long-term Bank Facilities	2,425	CARE D [Single D]	Reaffirmed
Commercial Paper issue	4,000	CARE D [Single D]	Reaffirmed
Perpetual Debt	200	CARE D [Single D]	Reaffirmed
Total	12,775 (Rs. Twelve Thousand Seventy Hundred Seventy Five Crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of ratings of various debt instruments and bank facilities of IL&FS Financial Services (IFIN) is on account of continued instances of irregularities in servicing of debt by the company.

Based on the petition filed by the Union of India, the National Company Law Tribunal (NCLT) vide its order dated October 01, 2018 suspended the erstwhile Board and appointed the New Board proposed by the Union of India which took charge of the company from October 04, 2018.

The entities in the IL&FS group, have been classified into Indian and offshore entities. The Indian entities in the IL&FS group have been classified, by an independent third party, into three categories based on the basis of a 12-month cash flow based solvency test viz 'Green', 'Amber' and 'Red', indicating their ability to repay both financial and operating creditors, only operating creditors, or only going concern respectively.

Based on this classification of 'Green', 'Amber' and 'Red', the New Board has put in place a payment protocol for the IL&FS group during the resolution process. IFIN is classified as a 'Red' entity, indicating that it is not able to meet all obligations (financial and operational) including the payment obligations to senior secured financial creditors.

The New Board of Directors of the Company, as part of the resolution process, has submitted several progress reports to the NCLT, including a framework for a resolution plan and process, steps undertaken for monetization of assets, appointment of consultants, and classification of group entities based on their abilities to meet various financial and operational obligations, measures for cost optimization and protocol for making payments beyond certain limits.

Rating Sensitivities

Positive Factors

Timely servicing of debt for a period of three consecutive months

Negative Factors

Not applicable

Liquidity: Poor

The liquidity profile of the company is severely constrained leading to the company continuing to default on its debt obligations.

Analytical approach:

CARE has analyzed standalone credit profile of IFIN along with IFIN's financial, operational and managerial linkages with its parent, IL&FS.

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

Applicable Criteria
[Criteria on assigning Outlook to Credit Ratings](#)
[CARE Policy on Default Recognition](#)
[Criteria for Short Term Instruments](#)
[Rating Methodology: Factoring Linkages in Ratings](#)
[Rating Methodology- Non Banking Finance Companies](#)
[Financial ratios - Financial Sector](#)
About the Company:

Incorporated in September 1995, IL&FS Financial Services Ltd is registered as systemically Important Non Deposit taking Non-Banking Financial Company (NBFC-ND-SI). IFIN is a 100% subsidiary of IL&FS Ltd (rated 'CARE D'). IFIN's business profile is broadly divided into investment banking business (asset & structured finance), project debt syndication business, corporate advisory services business and project finance advisory.

Brief financials of IFIN are presented below:

Particulars (Rs. crore)	FY18 (A)	FY19 (A)
Total income	2,294	295
PAT	100	(13,275)
Total Assets (adjusted for Intangible assets)	21,655	3,831
ROTA (%) (PAT/Average Total Assets)	0.49	-123.31

A: Audited

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 Instruments/Facilities

Name of the instruments	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE121H07935	17-Sep-13	10.50%	17-Sep-18	175	CARE D
Debentures-Non Convertible Debentures	INE121H07950	18-Sep-13	10.50%	28-Aug-18	50	CARE D
Debentures-Non Convertible Debentures	INE121H07AB6	03-Jul-14	9.50%	03-Jul-19	253	CARE D
Debentures-Non Convertible Debentures	INE121H07AC4	03-Jul-14	9.50%	03-Jul-24	47	CARE D
Debentures-Non Convertible Debentures	INE121H07AD2	28-Aug-14	9.60%	28-Aug-19	37.25	CARE D
Debentures-Non Convertible Debentures	INE121H07AE0	28-Aug-14	9.55%	28-Aug-24	6	CARE D
Debentures-Non Convertible Debentures	INE121H07AL5	21-Mar-16	8.90%	21-Mar-19	37	CARE D
Debentures-Non Convertible Debentures	INE121H07AM3	21-Mar-16	8.90%	21-Mar-21	18	CARE D
Debentures-Non Convertible Debentures	INE121H07AN1	23-Mar-16	8.88%	15-May-19	50	CARE D
Debentures-Non Convertible Debentures	INE121H07AO9	28-Mar-16	8.90%	28-Mar-19	25	CARE D
Debentures-Non Convertible Debentures	INE121H07AP6	28-Mar-16	8.90%	28-Mar-21	90	CARE D
Debentures-Non Convertible Debentures	INE121H07AQ4	28-Mar-16	8.90%	28-Mar-23	58	CARE D
Debentures-Non Convertible Debentures	INE121H07AR2	28-Mar-16	8.85%	28-Mar-26	51	CARE D
Debentures-Non Convertible Debentures	INE121H07AS0	31-Mar-16	8.90%	31-Mar-21	5	CARE D
Debentures-Non Convertible Debentures	INE121H07AT8	31-Mar-16	8.85%	31-Mar-26	70	CARE D
Debentures-Non Convertible Debentures	INE121H07AV4	03-Jun-16	8.75%	03-Dec-18	15	CARE D
Debentures-Non Convertible Debentures	INE121H07AW2	03-Jun-16	8.75%	03-Jun-19	15	CARE D
Debentures-Non Convertible Debentures	INE121H07AX0	03-Jun-16	8.75%	03-Jun-21	55	CARE D
Debentures-Non Convertible Debentures	INE121H07BA6	09-Jun-16	8.75%	09-Jun-21	50	CARE D
Debentures-Non Convertible Debentures	INE121H07BC2	14-Jun-16	8.75%	14-Jun-19	5	CARE D
Debentures-Non Convertible Debentures	INE121H07BD0	14-Jun-16	8.75%	14-Jun-21	29	CARE D
Debentures-Non Convertible Debentures	INE121H07BE8	14-Jun-16	8.75%	14-Jun-23	11	CARE D
Debentures-Non Convertible Debentures	INE121H07BF5	21-Jun-16	8.78%	21-Jun-21	100	CARE D

Debentures-Non Convertible Debentures	INE121H07BG3	21-Jun-16	8.80%	21-Jun-23	30	CARE D
Debentures-Non Convertible Debentures	-	27-Jun-16	8.87%	27-Jun-18	75	CARE D
Debentures-Non Convertible Debentures	INE121H07BI9	28-Jun-16	8.78%	28-Jun-21	25	CARE D
Debentures-Non Convertible Debentures	INE121H07BK5	18-Jul-16	8.65%	18-Jul-21	75	CARE D
Debentures-Non Convertible Debentures	INE121H07BM1	01-Aug-16	8.90%	01-Aug-26	100	CARE D
Debentures-Non Convertible Debentures	INE121H07BL3	01-Aug-16	8.75%	01-Aug-21	25	CARE D
Debentures-Non Convertible Debentures	INE121H07BN9	05-Aug-16	8.60%	05-Aug-21	100	CARE D
Debentures-Non Convertible Debentures	INE121H07BO7	09-Aug-16	8.54%	08-Nov-19	100	CARE D
Debentures-Non Convertible Debentures	INE121H07BP4	16-Aug-16	8.75%	16-Aug-26	60	CARE D
Debentures-Non Convertible Debentures	INE121H07BQ2	12-Sep-16	8.51%	12-Sep-26	100	CARE D
Debentures-Non Convertible Debentures	INE121H07BR0	28-Sep-16	8.22%	28-Sep-21	100	CARE D
Debentures-Non Convertible Debentures	INE121H07BS8	30-Sep-16	8.50%	30-Sep-26	35	CARE D
Debentures-Non Convertible Debentures	-	06-Dec-16	8.65%	06-Jun-21	75	CARE D
Debentures-Non Convertible Debentures	INE121H08107	06-Dec-16	8.65%	06-Jun-22	75	CARE D
Debentures-Non Convertible Debentures	INE121H08115	06-Dec-16	8.65%	06-Dec-21	300	CARE D
Debentures-Non Convertible Debentures	INE121H08123	06-Dec-16	8.68%	06-Dec-23	100	CARE D
Debentures-Non Convertible Debentures	INE121H08131	06-Dec-16	8.68%	06-Dec-26	50	CARE D
Debentures-Non Convertible Debentures	INE121H07BT6	20-Feb-17	8.50%	20-Feb-27	50	CARE D
Debentures-Non Convertible Debentures	INE121H07BU4	05-Apr-17	8.23%	05-Apr-27	100	CARE D
Debentures-Non Convertible Debentures	INE121H07BV2	22-Jun-17	8.00%	22-Jun-24	100	CARE D
Debentures-Non Convertible Debentures	INE121H07BW0	25-Jul-17	8.00%	25-Jul-22	50	CARE D
Debentures-Non Convertible Debentures	INE121H07BX8	01-Aug-17	7.75%	01-Aug-22	40	CARE D
Debentures-Non Convertible Debentures	INE121H07BZ3	01-Sep-17	7.75%	01-Sep-22	100	CARE D
Debentures-Non Convertible Debentures	INE121H07BY6	01-Sep-17	7.80%	01-Sep-24	85	CARE D
Debentures-Non Convertible Debentures	INE121H07AQ4	28-Mar-18	8.75%	28-Mar-23	200	CARE D
Debentures-Non Convertible Debentures	INE121H07CB2	16-Apr-18	8.70%	16-Apr-25	100	CARE D
Debentures-Non Convertible Debentures	INE121H07CC0	03-May-18	8.70%	03-May-25	100	CARE D
Debentures-Non Convertible Debentures	INE121H07CD8	04-Jul-18	9.30%	04-Jul-23	50	CARE D
Debentures-Non Convertible Debentures (Proposed)	NA	-	-	-	1,147.75	CARE D
Preference Shares-Non Convertible Redeemable Preference Share	NA	30-Mar-16	-	30-Mar-21	250	CARE D
Debt-Subordinate Debt	INE121H08016	28-Dec-11	10.30%	28-Dec-21	200	CARE D
Debt-Subordinate Debt	INE121H08024	22-Mar-12	10.30%	22-Mar-22	200	CARE D
Debt-Subordinate Debt	INE121H08032	29-Jun-12	10.15%	29-Jun-22	200	CARE D
Debt-Subordinate Debt	INE121H08057	27-Nov-12	9.55%	27-Nov-22	100	CARE D
Debt-Subordinate Debt	INE121H08065	28-Feb-13	9.55%	28-Feb-23	100	CARE D
Debt-Subordinate Debt	INE121H08073	27-Jan-16	8.90%	27-Jan-26	35	CARE D
Debt-Subordinate Debt	INE121H08081	22-Mar-16	9.03%	22-Mar-26	65	CARE D
Debt-Subordinate Debt	INE121H08099	29-Sep-16	8.69%	29-Sep-26	100	CARE D
Debt-Subordinate Debt	INE121H08164	23-Apr-18	8.90%	23-Apr-28	100	CARE D
Debt-Perpetual Debt	INE121H08149	29-Dec-17	8.80%	Perpetual	100	CARE D
Debt-Perpetual Debt	INE121H08149	22-Mar-18	9.00%	Perpetual	100	CARE D
Fund-based-LT- Term Loan	NA	-	-	09-Feb-20	2,425.00	CARE D
Short Term instruments - Commercial Paper issue	NA	-	-	Up to 1 year	4,000.00	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.	Commercial Paper	ST	4000.00	CARE D	1) CARE D (17-Sep-18) 2) CARE A4 (Credit watch with negative implications) (09-Sep-18) 3) CARE A1+ (16-Aug-18)	1) CARE A1+ (27-Mar-18) 2) CARE A1+ (07-Mar-18) 3) CARE A1+ (16-Feb-18) 4) CARE A1+ (08-Nov-17) 5) CARE A1+; Stable (09-Oct-17)	1) CARE A1+; Stable (28-Mar-17) 2) CARE A1+ (10-Oct-16)	1) CARE A1+ (31-Mar-16) 2) CARE A1+ (17-Nov-15)
2.	Debt-Subordinate Debt	LT	600.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16)	1) CARE AAA (17-Nov-15)
3.	Debt-Subordinate Debt	LT	100.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16)	1) CARE AAA (17-Nov-15)
4.	Debentures-Non Convertible Debentures	LT	400.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (07-Mar-18) 2) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16) 3) CARE AAA (18-May-16)	1) CARE AAA (17-Nov-15)
5.	Debt-Subordinate Debt	LT	100.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch	1) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA	1) CARE AAA (17-Nov-15)

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
					with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)		(10-Oct-16)	
6.	Debentures-Non Convertible Debentures	LT	500.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (07-Mar-18) 2) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16) 3) CARE AAA (18-May-16)	1) CARE AAA (17-Nov-15)
7.	Debt-Subordinate Debt	LT	100.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16)	1) CARE AAA (17-Nov-15)
8.	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (07-Mar-18) 2) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16) 3) CARE AAA (18-May-16)	1) CARE AAA (17-Nov-15)
9.	Preference Shares-Non Convertible Redeemable Preference Share	LT	250.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB-(RPS) (Credit watch with negative implications) (09-Sep-18) 3) CARE AA	1) CARE AAA (RPS); Stable (09-Oct-17)	1) CARE AAA (RPS); Stable (28-Mar-17) 2) CARE AAA (RPS) (10-Oct-16) 3) CARE AAA (RPS) (18-May-16)	1) CARE AAA (RPS) (31-Mar-16)

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
					(RPS); credit watch with negative implications (16-Aug-18)			
10.	Debentures-Non Convertible Debentures	LT	400.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (07-Mar-18) 2) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16) 3) CARE AAA (11-Jul-16)	-
11.	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (07-Mar-18) 2) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16)	-
12.	Debt-Subordinate Debt	LT	100.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (10-Oct-16)	-
13.	Debentures-Non Convertible Debentures	LT	1500.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (07-Mar-18) 2) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17) 2) CARE AAA (15-Nov-16)	-

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
14.	Debt-Subordinate Debt	LT	100.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+; credit watch with negative implications (16-Aug-18)	1) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17)	-
15.	Fund-based - LT-Term Loan	LT	2425.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB (Credit watch with negative implications) (09-Sep-18) 3) CARE AA+ (Credit watch with negative implications) (16-Aug-18)	1) CARE AAA; Stable (09-Oct-17)	1) CARE AAA; Stable (28-Mar-17)	-
16.	Debt-Perpetual Debt	LT	200.00	CARE D	1) CARE D (17-Sep-18) 2) CARE BB- (Credit watch with negative implications) (09-Sep-18) 3) CARE AA; credit watch with negative implications (16-Aug-18)	1) CARE AA+; Stable (18-Dec-17) 2) CARE AA+; Stable (09-Oct-17)	-	-

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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