

IL&FS Financial Services Limited (Revised)

December 28, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	2,425.00	CARE D	Reaffirmed
Non-convertible redeemable cumulative preference shares	250.00	CARE D	Reaffirmed
Non-convertible debentures	4,800.00	CARE D	Reaffirmed
Subordinate debt	1,100.00	CARE D	Reaffirmed
Perpetual debt	200.00	CARE D	Reaffirmed
Commercial paper	4,000.00	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1

Rationale, key rating drivers and detailed description of the key rating drivers

The reaffirmation of the ratings of various debt instruments and bank facilities of IL&FS Financial Services Limited (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. Furthermore, vide the order passed by the NCLT on October 9, 2018, the newly constituted Board of Infrastructure Leasing and Financial Services Limited (IL&FS) was empowered to replace the directors of subsidiary companies of IL&FS including IFIN. The new Board of IL&FS has been working on the Resolution Plan of the IL&FS Group.

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 monetisation of assets, appointment of consultants, and classification of group entities based on their abilities to meet various financial and operational obligations, measures for cost optimisation and protocol for making payments beyond certain limits.

The company has been making some recoveries and the funds are used for making payments mostly to meet operational expenses to ensure the going concern status of the company and no money has been distributed to the creditors yet and the funds are maintained in FD & T-Bills under lien/favour of Creditors to be distributed as per NCLT/NCLAT directive, under group resolution.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could lead to positive rating action/upgrade:

- Timely servicing of debt for a period of three consecutive months.

Negative factors- Factors that could lead to negative rating action/downgrade:

- Not applicable.

Analytical approach:

CARE Ratings Limited (CARE Ratings) has analysed standalone credit profile of IFIN along with IFIN's financial, operational, and managerial linkages with its parent, IL&FS.

Liquidity: Poor

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

Applicable criteria

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Non-Banking Financial Companies](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

[Financial Ratios - Financial Sector](#)

About the company

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

Incorporated in September 1995, IFIN is registered as systemically important non-deposit taking non-banking financial company (NBFC-ND-SI). IFIN is a 100% subsidiary of Infrastructure Leasing and Financial Services Limited (IL&FS; 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. The recasting of financials from FY14 to FY18 following order from NCLT for IL&FS, IFIN, and IL&FS Transportation Network Limited (ITNL) is in progress.

Brief Financials (₹ crore)	31-03-2018 (A)	31-03-2019 (A)
Total operating 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, *net of deferred tax assets and revaluation reserves

Note: Financials post FY19 are not available

Status of non-cooperation with previous CRA: IFIN has not co-operated with ICRA Limited (ICRA), which has classified it as non-cooperative for non-furnishing of information as per the press release dated November 17, 2023.

Any other information:

Disclosure of Interest of Independent/Non-Executive Directors of CARE Ratings:

Name of Director	Designation of Director
Mr. Gurumoorthy Mahalingam	Non-Executive Independent Director

Mr. Gurumoorthy Mahalingam is a Nominee Director on the Board of IL&FS Financial Services Limited (and Independent Director on the Board of IL&FS, the parent of IFIN) and Non-Executive Independent Director of CARE Ratings. Independent/Non-executive Directors of CARE Ratings are not a part of CARE Ratings' Rating Committee and do not participate in the rating process.

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments / facilities

Name of the Instrument	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 for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Commercial paper- Commercial paper (Standalone)	ST	4000.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
2	Debt-Subordinate debt	LT	600.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
3	Debt-Subordinate debt	LT	100.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
4	Debentures-Non-convertible debentures	LT	400.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
5	Debt-Subordinate debt	LT	100.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
6	Debentures-Non-convertible debentures	LT	500.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
7	Debt-Subordinate debt	LT	100.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
8	Debentures-Non-convertible debentures	LT	1000.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
9	Preference shares-Non-convertible redeemable preference share	LT	250.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
10	Debentures-Non-convertible debentures	LT	400.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
11	Debentures-Non-convertible debentures	LT	1000.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
12	Debt-Subordinate debt	LT	100.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
13	Debentures-Non-convertible debentures	LT	1500.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
14	Debt-Subordinate debt	LT	100.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
15	Fund-based - LT-Term loan	LT	2425.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)

16	Debt-Perpetual debt	LT	200.00	CARE D	-	1)CARE D (29-Dec-22)	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)
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LT/ST: Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not applicable

Annexure-4: Complexity level of various instruments rated

Sr. No	Name of instrument	Complexity level
1	Non-convertible debentures	Simple
2	Bank facilities	Simple
3	Subordinate debt	Complex
4	Redeemable preference shares	Highly complex
5	Commercial paper	Simple
6	Debt-Perpetual debt	Highly complex

Annexure 5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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