

**IL&FS Financial Services Limited (Revised)**

December 29, 2022

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	2,425.00	CARE D (Single D)	Reaffirmed
<b>Total Bank Facilities</b>	<b>2,425.00</b> <b>(Rs. Two Thousand Four Hundred Twenty-Five Crore Only)</b>		
Non-convertible Redeemable Cumulative Preference Shares	250.00	CARE D (Single D)	Reaffirmed
Non Convertible Debentures	4800.00	CARE D (Single D)	Reaffirmed
Subordinate Debt	1,100.00	CARE D (Single D)	Reaffirmed
Perpetual Debt	200.00	CARE D (Single D)	Reaffirmed
<b>Total Long Term Instruments</b>	<b>6,350.00</b> <b>(Rs. Six Thousand Three Hundred Fifty Crore Only)</b>		
Commercial Paper	4,000.00	CARE D (Single D)	Reaffirmed
<b>Total Short Term Instruments</b>	<b>4,000.00</b> <b>(Rs. Four Thousand Crore Only)</b>		

Details of instruments/facilities in Annexure-1

**Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers**

The reaffirmation of 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. Further, 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 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 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.

As per the disclosures by the company, IL&FS group debt was around Rs.99,000 crore and the Board of the company expects recovery of around Rs.61,000 crore (i.e. 61%) with the recovery estimates including both, resolution and liquidation. As on September 30, 2022, IL&FS resolved debt worth Rs.56,943 crore as per affidavit filed with NCLT, an increase from Rs.55,000 crore in March, through monetisation of various assets. The debt addressed represents over 93% of the overall estimated

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

resolution value of Rs 61,000 crore. The group retained its overall debt resolution estimate at Rs.61,000 crore, representing 62% of overall debt (fund based and non-fund based) of over Rs.99,000 crore as of October 2018. The debt resolved included Rs.43,089 crore addressed across entities (including cash and InvIT units), Rs.16,452 crore of debt resolved through monetisation and termination, Rs.7,254 crore approved by courts and pending closure and Rs 5,289 crore of resolution applications filed with courts and pending approvals, among others. It also included a Rs.1,331-crore debt, which was fully serviced across green entities (firms continuing to meet debt obligations).

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

#### 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

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

### Applicable Criteria

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios - Financial Sector](#)

[Short Term Instruments](#)

[Rating methodology-Non-Banking Finance Company](#)

### 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 Infrastructure Leasing and Financial Services Limited (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 is in progress for IL&FS, IFIN and IL&FS Transportation Network Limited (ITNL) is in progress.

Brief Financials (Rs. 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 press release dated November 23, 2021.

### Any other information:

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

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

Mr. Gurumoorthy Mahalingam is Nominee Director on the Board of IL&FS Financial Services Limited (and Independent Director on the Board of Infrastructure Leasing and Financial Services Limited (IL&FS), the parent of IL&FS Financial Services Limited)

and Non-Executive Independent Director of CARE. Independent/Non-executive Directors of CARE Ratings Ltd. are not a part of CARE Rating Ltd.'s 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 for this company:** Annexure 4

#### 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

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	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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Commercial Paper- Commercial Paper (Standalone)	ST	4000.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
2	Debt-Subordinate Debt	LT	600.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
3	Debt-Subordinate Debt	LT	100.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
4	Debentures-Non Convertible Debentures	LT	400.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
5	Debt-Subordinate Debt	LT	100.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
6	Debentures-Non Convertible Debentures	LT	500.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)

7	Debt-Subordinate Debt	LT	100.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
8	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
9	Preference Shares-Non Convertible Redeemable Preference Share	LT	250.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
10	Debentures-Non Convertible Debentures	LT	400.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
11	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
12	Debt-Subordinate Debt	LT	100.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
13	Debentures-Non Convertible Debentures	LT	1500.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
14	Debt-Subordinate Debt	LT	100.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
15	Fund-based - LT-Term Loan	LT	2425.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)
16	Debt-Perpetual Debt	LT	200.00	CARE D	-	1)CARE D (30-Dec-21)	1)CARE D (11-Feb-21)	1)CARE D (12-Mar-20)

\*Long term/Short term.

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

**Annexure 4: Complexity level of various instruments rated for this company**

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: Bank Lender Details for this Company**

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

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. 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.

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