

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

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India Ratings and Research (Ind-Ra) has affirmed IL&FS Financial Services Ltd's (IFIN) Long-Term and Short-term Issuer Ratings at 'IND D'. The instrument-wise rating actions are given below:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating	Rating Action
Non-convertible debentures* (NCDs) (Long-term)	-	-	-	INR49,850	IND D	Affirmed
Subordinated debt* (Long-term)	-	-	-	INR11,000	IND D	Affirmed
Bank loans (Long-term)	-	-	-	INR7,587.5	IND D	Affirmed
Short-term debt/commercial paper programme^ (Short-term)	-	-	-	INR7,000	IND D	Affirmed

^Unutilised

*Details in Annexure

Key Rating Drivers

The ratings continue to reflect IFIN's missed payments on contractual debt obligations. The IL&FS group is functioning under a resolution framework where payments are made mostly to meet operational expenses to ensure the going concern status of the company. IL&FS group is in cash conserving mode while it is making an effort towards the monetisation of assets.

The government of India (GoI), through the Ministry of Corporate Affairs, suspended the board of IFIN and a new board of directors was appointed by The National Company Law Tribunal (NCLT).

The group entities have been categorised as red, amber and green depending on the cash flow position. IFIN has been categorised as a red entity as per the board which means the entity cannot meet its payment obligations even towards senior secured financial creditors as and when such payment obligations are due.

IFIN's FY19 financial accounts have not been published yet and NCLT has permitted the reopening and recasting of the accounts for the past five financial years of IFIN, Infrastructure Leasing & Financial Services Limited (IL&FS; 'IND D') and IL&FS Transportation Network Limited. The asset quality assessed by the board at end-December 2018 reflected a gross NPA (GNPA) of 90% for IFIN (the reported GNPA at FYE18: 5.3%).

According to publicly available information, there has been a stake sale in seven wind energy SPVs to Orix Corporation post the NCLT approval. IFIN had an exposure of INR2.35 billion at FYE18 towards IL&FS Wind Energy Limited under which these seven SPVs were operating.

Rating Sensitivities

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

Company Profile

IFIN is a systemically important non-banking finance company that provides credit and other services such as debt syndication and corporate advisory.

FINANCIAL SUMMARY

Particulars	FY18	FY17
Total assets (INR million)	213,766	192,539
Total equity (INR million)	19,159	19,578
Net income (INR million)	997	2,088
Return on average assets (%)	0.49	1.13
Tier 1 capital (%)	11.4	13.2
Source: IFIN		

Rating History

Instrument Type	Current Rating			Historical Rating/Rating Watch/Outlook				
	Rating Type	Rated Limits (million)	Rating	18 September 2018	11 September 2018	24 August 2018	27 November 2017	1 September 2016
Issuer rating	Long-term/Short-term		IND D	IND D	IND C/IND A4	IND AA/RWN/IND A1+/RWN	IND AAA/Stable/IND D A1+	IND AAA/Stable/IND D A1+
NCDs	Long-term	INR49,850	IND D	IND D	IND C	IND AA/RWN	IND AAA/Stable	IND AAA/Stable
Subordinated debt	Long-term	INR11,000	IND D	IND D	IND C	IND AA/RWN	IND AAA/Stable	IND AAA/Stable
Short-term debt/commercial paper	Short-term	INR7,000	IND D	IND D	IND A4	IND A1+/RWN	IND A1+	IND A1+
Bank loan	Long term	INR7,587.5	IND D	IND D	IND C	IND AA/RWN	IND AAA/Stable	-

Complexity Level of the Instruments

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

Annexure

NCDs

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

ISIN	Date of Issue	Coupon (%)	Date Of Maturity	Size of Issue (million)	Rating
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
INE121H07A11	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
INE121H07B19	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

ISIN	Date of Issue	Coupon (%)	Date Of Maturity	Size of Issue (million)	Rating
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	

Sub 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	

APPLICABLE CRITERIA

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

Rating FI Subsidiaries and Holding Companies

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