

July 07, 2017

DLF Power and Services Limited

Summary of Rated Instruments

Instrument*	Rated Amount (in crore)	Rating Action
Term Loans	1,055.0	Provisional [ICRA]A(SO) (Stable) (Assigned)
Fund Based	25.0	Provisional [ICRA]A(SO) (Stable) (Assigned)

*Instrument Details are provided in Annexure-1

Rating Action

ICRA has assigned the long-term Provisional rating of [ICRA]A(SO)¹ (pronounced ICRA A Structured Obligation) to Rs. 1,080.0 crore² bank lines of DLF Power and Services Limited (DPSL). The letter SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned. The outlook on the long-term rating is 'Stable'.

Rationale

The rating assigned is provisional as of now (as denoted by the prefix "Provisional" before the rating symbol) and is subject to execution of the necessary documentation to ensure that the unconditional and irrevocable guarantee from DLF Cyber City Developers Limited (DCCDL) for the said facility, extends to all the amounts payable under the underlying facility, and review of final documentation pertaining to the facility rated by ICRA.

Key rating drivers

- Unconditional and irrevocable corporate guarantee issued by DLF Cyber City Developers Limited³ for due payment of the captioned facility to the bank

Description of key rating drivers highlighted above:

DLF Cyber City Developers Limited {rated [ICRA]A(SO) (Stable)} will be executing an unconditional and irrevocable corporate guarantee in favour of the lender for the due payment of the captioned facility to the bank. ICRA's rating is based on the unconditional and irrevocable corporate guarantee issued by DLF Cyber City Developers Limited (DCCDL) {rated [ICRA]A(SO) (Stable)} for due payment of the captioned facility to the Bank. The rating of [ICRA]A(SO) (Stable) addresses the servicing of the bank lines to happen as per the terms of the underlying facility and the guarantee agreement for the same. The rating also assumes that the guarantee will be duly invoked by the lender⁴, as per the terms of the underlying facility and guarantee agreements, in case there is a default in payment by the borrower.

Analytical approach: ICRA continues to take a consolidated view of DLF and its subsidiaries given the strong operational, financial and management linkages among various entities.

Links to applicable Criteria:

[Approach for rating debt instruments backed by third-party explicit support](#)

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

² 100 lakh = 1 crore = 10 million

³ For DCCDL's rating rationale, please refer to ICRA's website www.icra.in

⁴ The rated instrument does not involve a structured payment mechanism



About the Company:

DLF Power and Services Limited (DPSL) is a power generating company incorporated April 2016. The company is engaged in generation and production of power, asset management services, and real estate development.

About the Guarantor – DLF Cyber City Developers Limited

DLF Cyber City Developers Limited was incorporated by conversion of DLF Cyber City, a partnership firm in to a limited company under Part IX of the Companies Act, 1956, on March 2, 2006. It has its registered office at Shopping Mall, 3rd Floor, Arjun Marg, Phase-I, DLF City, Gurgaon, Haryana - 122 002. It is engaged in the business of developing, setting up and maintenance of Commercial Offices, Retail Spaces, technology parks & software parks.

For FY16 (April 2015 – March 2016), the company reported a net profit of Rs. 654 crore-on an operating income (OI) of Rs. 1620 crore.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Table: Rating History

S.No	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years		
		Type	Rated amount (Rs. Crore)	Month-year & Rating	Month-year & Rating in FY2016	Month-year & Rating in FY2015	Month-year & Rating in FY2014
				July 2017			
1	Term Loans	Long Term	1,055.0	Provisional [ICRA]A(SO)			
2	Fund Based – CC	Long Term	25.0	Provisional [ICRA]A(SO)			

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Details of Instrument

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue (Rs. Cr)	Current Rating and Outlook
Term Loans-I			Dec 2020	525.0	Provisional [ICRA]A(SO) (Stable)
Term Loans-II			July 2020	530.0	Provisional [ICRA]A(SO) (Stable)
Overdraft			Revolving	25.0	Provisional [ICRA]A(SO)(Stable)

Source: DPSL



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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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