

## IL&FS Wind Energy Limited

Instrument	Face Value (Rs. Crore)	Rating Action
Non-Convertible Debentures	200.0	Provisional [ICRA]A+(SO) (stable) assigned

ICRA has assigned a rating of Provisional [ICRA]A+(SO) [pronounced Provisional ICRA A plus (Structured Obligation)] to the proposed Rs. 200.0 crore<sup>1</sup> Non-Convertible Debenture programme of IL&FS Wind Energy Limited (IWEL/Issuer), as mentioned in the table above<sup>†</sup>. The rating assigned carries a stable outlook.

The rating for the NCDs is based on the strength of an unconditional and irrevocable guarantee by IL&FS Energy Development Company Limited (IEDCL). The rating also factors the payment mechanism designed to ensure payment on the rated NCDs as per the terms of the transaction.

### Key Features of the Transaction

The NCDs would have a scheduled maturity of 5 years from the deemed date of allotment. The NCDs shall be redeemed at a premium such that the promised yield to the NCD investors is met. No coupon payment is scheduled in the interim period.

The guarantee from IEDCL would cover all Issuer obligations that may arise on the rated NCDs as per the terms of the transaction. The payment mechanism is designed to ensure timely payment to the investors even if the guarantee has to be invoked by the Debenture Trustee.

### About the Issuer

IL&FS Wind Energy Limited (IWEL) is a 100% subsidiary of IL&FS Energy Development Company Limited (IEDCL) and owns 51% controlling stake in 5 operating wind SPVs namely Khandke Wind Energy Private Limited (rated [ICRA] A - (stable)), Ratedi Wind Power Pvt. Ltd. (rated [ICRA]A- (stable)/ [ICRA]A2+), Tadas Wind Energy Pvt. Ltd. (rated [ICRA]BBB+ (stable)), Lalpur Wind Energy Pvt. Ltd. and Wind Urja India Private Limited. The remaining 49% stake in operating wind SPVs is held by Orix Corporation, Japan since Mar 17 2016.

Being a holding company, revenue sources for IWEL on a standalone basis remains limited and would consist of

- Dividend Income
- Advisory fees for development of additional wind capacities
- Stake sale off/ Monetization in SPVs

The debt on the books of the company stood at Rs 471 crore as on March 31, 2016 and entirely comprises of Optionally Fully Convertible Debentures from IEDCL. The gearing level for IWEL is moderate and stood at 0.97 times as on 31<sup>st</sup> March 2016.

### About the Guarantor

Incorporated in 2008, IEDCL is 91.42% subsidiary of Infrastructure Leasing & Financial Services Ltd. (IL&FS Limited) (rated ICRA AAA (Stable)) and is managing IL&FS group's initiatives in the power domain. The company has operating capacity of ~2840 MW along with 241 MW of capacity under construction. Out of the total operating capacity, 1200 MW thermal plant is operational through IL&FS Tamilnadu Power Company Ltd (ITPCL), 775.6 MW wind capacities is operational through IWEL and 726 MW Combined Cycle Gas Turbine (CCGT) power project is operational through ONGC Tripura Power Company Limited. In addition, IEDCL operates a 40 MW capacity solar plant and also provides advisory services in project development and implementation to State Governments, large Public Sector companies and Private Sector clients. IEDCL along

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA Rating Publications

with Government of Rajasthan has set up a 50:50 JV in the name of Saurya Urja Company of Rajasthan Limited (SUCRL) to develop solar park in the state that can house solar power projects of 5000 MW.

Being a holding company, revenue sources for IEDCL on a standalone basis remains limited. Major revenue sources for the company going forward will primarily consist of

- Dividend Income
- Interest Income from the related entities on the loans and advances extended to them.
- Advisory fees
- Stake sale off / Monetization in SPVs
- Power Trading

During FY 2016, IEDCL sold its entire stake in various wind SPVs to Orix Corporation and IWEL resulting in healthy profit generation during the fiscal.

Supported by the strong network position, capital structure of IEDCL is comfortable as evident from gearing of 0.49 time as on end March 2016. The long term debt from the banks/ financial institution on the books of the company stood at Rs 1691 crore as on June 30, 2016. In addition, IEDCL has provided corporate guarantee to the term loans of IL&FS Renewable Energy Limited (a 100% subsidiary of IEDCL) amounting to Rs. 925 crores which it intends to refinance in the near term. As a result, IEDCL has moderate debt repayment obligations in the near to medium term. However, it derives support in the form of revolving credit from IL&FS Limited in case of funding requirement arising out of any liquidity shortfall, as seen in the past.

For the twelve months ended March 31, 2016, IEDCL reported a profit after tax (PAT) of Rs. 301.66 crore on an operating income of Rs. 71.21 crore as against a net loss of Rs. 4.43 crore on an operating income of Rs. 215.61 crore for the twelve months ended March 31, 2015.

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