

IL&FS Wind Energy Limited

April 18, 2019

Summary of rating action

| Instrument | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|-----------------------------------|----------------------------------|-----------------------------------|
| Non-Convertible Debenture (NCD) Programme | 200 | 200 | [ICRA]D; downgraded from [ICRA]C- |
| Total | 200 | 200 | |

*Instrument details are provided in Annexure-1

Rationale

The long-term rating for IL&FS Wind Energy Limited (IWEL) has been downgraded owing to the delays in debt servicing on the NCD programme due to the weak liquidity position of the company. The company was not able to redeem the Rs. 75 crore zero-coupon NCD which was due for redemption on April 15, 2019.

Outlook: Not Applicable

Key rating drivers:

Credit challenges

Delays in debt servicing: Owing to the weak liquidity position, IWEL has not redeemed the Rs. 75 crore zero-coupon NCD which was due for redemption on April 15, 2019.

Liquidity position

Being a holding company, the liquidity position of the company remains inadequate owing to limited revenue streams.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable Rating Methodologies | Corporate Credit Rating Methodology |
| Parent/Group Support | Not applicable |
| Consolidation/Standalone | The ratings are based on the standalone financial profile of the company |

About the company:

IWEL is a 100% subsidiary of IEDCL and owns 51% controlling stake in seven operating wind SPVs namely Khandke Wind Energy Private Limited, Ratedi Wind Power Pvt. Ltd., Tadas Wind Energy Pvt. Ltd., Lalpur Wind Energy Pvt. Ltd., Wind Urja India Private Limited, Etesian Urja Limited and Kaze Energy Limited. The remaining 49% stake in operating wind SPVs is held by Orix Corporation, Japan.

Key financial indicators (audited)

| | FY2017 | FY2018 |
|------------------------------|---------|----------|
| Operating Income (Rs. crore) | 0.1 | 0.1 |
| PAT (Rs. crore) | -71.3 | -85.0 |
| OPBDIT/OI (%) | -168.9% | -3327.0% |
| RoCE (%) | 0.0% | -0.3% |
| Total Debt/TNW (times) | 0.8 | 1.7 |
| Total Debt/OPBDIT (times) | -2532.2 | -243.3 |
| Interest Coverage (times) | 0.0 | 0.0 |

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

| | | Current Rating (FY2020) | | | Chronology of Rating History for the past 3 years | | | | | |
|------------|-----------|--------------------------|--------------------------------|---------------|---|----------------------|-------------------------|-------------------------|------------------------------------|--|
| Instrument | Type | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating | Date & Rating in FY2019 | | Date & Rating in FY2018 | Date & Rating in FY2017 | | |
| | | | | April 2019 | December 2018 | September 2018 | January 2018 | October 2016 | October 2016 | |
| 1 NCD | Long Term | 200.00 | 200.00 | [ICRA]D | [ICRA]C- | [ICRA]BB+ (Negative) | [ICRA]A+ (SO) (Stable) | [ICRA]A+ (SO) (Stable) | Provisional [ICRA]A+ (SO) (Stable) | |

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: Instrument Details

| ISIN No | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook |
|--------------|-----------------|-----------------------------|-------------|---------------|--------------------------|----------------------------|
| INE810V08015 | NCD | 30-Sep-2016 | Zero Coupon | 30-Sep-2021 | 105.00 | [ICRA]D |
| INE810V08023 | NCD | 30-Sep-2016 | Zero Coupon | 15-Apr-2019 | 75.00 | [ICRA]D |
| INE810V08031 | NCD | 30-Sep-2016 | Zero Coupon | 15-Apr-2021 | 20.00 | [ICRA]D |

Source: Company

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