

IL&FS Wind Energy Limited

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Date: 26, March 2018

To
The Sr. General Manager
Listing Department
BSE Limited
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Security Codes:

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Security Name: IL&FS Wind Energy Limited

Dear Sir,

Re: Yearly updated Credit Rating Submission as per (SEBI LODR) Regulation 55

We are enclosing yearly updated credit rating certificate for IL&FS Wind Energy Limited as per (SEBI LODR) regulation 55 for your information and records

For IL&FS Wind Energy Limited



Arun Purohit
Company Secretary

IL&FS Wind Energy Limited

January 05, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non Convertible Debenture Programme	200	200.00	[ICRA]A+(SO) (Stable); Reaffirmed

Rating action:

ICRA has reaffirmed the long-term rating of [ICRA]A+(SO) (pronounced ICRA A plus structured obligation) to the Rs. 200.00-crore¹ non-convertible debenture (NCD) programme of IL&FS Wind Energy Limited (IWEL). The outlook for the rating is Stable.

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.

Rationale:

The reaffirmation of [ICRA]A+(SO) (Stable) rating to the company's NCD programme is based on the strength of an unconditional and irrevocable guarantee by IL&FS Energy Development Company Limited (IEDCL). The rating also factors in the payment mechanism designed to ensure payment on the rated NCDs as per the terms of the transaction.

Outlook: Stable

The outlook may be revised if there is a change in outlook of the guarantee provider, IEDCL.

Key rating drivers:

Credit strengths

Unconditional and irrevocable guarantee from IEDCL: The NCDs have an unconditional and irrevocable guarantee from IEDCL and have a scheduled maturity of five years from the date of allotment. The NCDs will be redeemed at a premium so that the promised yield to the NCD investors is met. No coupon payment is scheduled in the interim. 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.

Financial flexibility of IEDCL: IEDCL, which is the holding company of the energy vertical of IL&FS Group, is a subsidiary of IL&FS Limited (rated [ICRA] AAA) which holds 89.35²% stake in the company. IEDCL thus has the strength of financial flexibility arising from its ownership.

¹ 100 lakh = 1 crore = 10 million



Diversified counterparty mix and satisfactory track record of IEDCL: The guarantor, IEDCL, has total operating asset portfolio of 2,842 MW. Out of the total operating capacity, 1,200-MW thermal plant is operational through IL&FS Tamil Nadu Power Company Ltd (ITPCL), 775.6-MW wind capacity is operational through IWEL, 50-MW wind capacity is operational through Etesian Urja Ltd, 48.3-MW wind capacity is operational through Kaze Energy Ltd, 40-MW solar capacity is operational through Malwa Solar Power Generation Pvt. Ltd. and 726-MW combined cycle gas turbine (CCGT) power project is operational through ONGC Tripura Power Company Limited.

Credit challenges

Limited revenues stream available to IEDCL: Being a holding company, the revenue sources of IEDCL on a standalone basis are limited. Major revenue sources for the company going forward will primarily consist of a) dividend and interest income, b) advisory fees, c) stake sale off/monetisation in SPVs and d) power trading and equipment supply that the company carries out for Group companies.

Sizeable refinancing requirements: Supported by the strong net worth position, IEDCL's capital structure is comfortable, as evident from gearing of 0.7 times as on end March 2017. Further, the gearing based on external debt stood at ~ 0.5 time as on end March 2017. The external debt on the books of the company stood at Rs. 2,530 crore as on September 30, 2017. While IEDCL has sizeable debt-repayment obligations in the near-to-medium term, the rating derives comfort from IL&FS Limited, as its parent entity. Over the past one year, the IEDCL Group has monetised assets of almost Rs. 430 crore, which has provided liquidity support to the company.

Analytical approach: For arriving at the rating, ICRA has taken into account the unconditional and irrevocable guarantee from IEDCL that would cover all the repayment obligations to NCD holders as per the terms of the transaction.

Links to applicable criteria:

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

About the company:

IWEL is a 100% subsidiary of IEDCL and owns 51% controlling stake in five 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]A- (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 March 17 2016.

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

- dividend income
- advisory fees for development of additional wind capacities
- stake sale off/ monetisation in SPVs

The external debt on the books of the company stood at Rs. 200 crore as on March 31, 2017 which entirely consists of NCD. The gearing level for IWEL is moderate and stood at 1.23 times as on March 31, 2017. Also, the gearing based on external debt stood at ~ 0.43 time as on end March 2017.

² On fully diluted basis

Key financial indicators (audited)

	FY2016	FY2017
Operating Income (Rs. crore)	0.00	0.08
PAT (Rs. crore)	-2.60	-71.26
OPBDIT/OI (%)	-	-
RoCE (%)	-	-
Total Debt/TNW (times)	0.97	1.23
Total Debt/OPBDIT (times)	-	-
Interest Coverage (times)	-	-
NWC/OI (%)	-	-26%

About the guarantor:

Incorporated in 2008, IEDCL is a 89.35% subsidiary of Infrastructure Leasing & Financial Services Ltd. (IL&FS Limited) – rated ICRA AAA (Stable). The company manages IL&FS Group’s initiatives in the power domain. The company has operating capacity of ~2,842 MW, along with 228 MW of capacity under construction. Out of the total operating capacity, 1,200-MW thermal plant is operational through ITPCL, 775.6-MW wind capacities are operational through IWEL, 50-MW wind capacity is operational through Etesian Urja Ltd, 48.3-MW wind capacity is operational through Kaze Energy Ltd, 40-MW solar capacity is operational through Malwa Solar Power Generation Pvt. Ltd. and 726-MW CCGT power project is operational through ONGC Tripura Power Company Limited. In addition, IEDCL provides advisory services in project development and implementation to state governments, large public sector companies and private sector clients. IEDCL, along with Government of Rajasthan, has set up a 50:50 JV named Saurya Urja Company of Rajasthan Limited (SUCRL) to develop a solar park in the state to house solar power projects of 5,000 MW.

For the 12 months ended March 31, 2017, IEDCL reported a profit after tax (PAT) of Rs. 242.8 crore on an operating income of Rs. 736.4 crore.

Status of non-cooperation with previous CRA: Not applicable
Any other information: None
Rating history for last three years:

Instrument	Type	Current Rating (FY2018)			Chronology of Rating History for the past 3 years			
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating January 2018	Date & Rating in FY2017 October 2016	Date & Rating in FY2016	Date & Rating in FY2015	
1 NCD	Long Term	200.00	200.00	[ICRA]A+(SO) (Stable)	[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]A+(SO) (Stable)
INE810V08023	NCD	30-Sep-2016	Zero Coupon	15-Apr-2019	75.00	[ICRA]A+(SO) (Stable)
INE810V08031	NCD	30-Sep-2016	Zero Coupon	15-Apr-2021	20.00	[ICRA]A+(SO) (Stable)

Source: Company



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