

## RATING RATIONALE

05 Jan 2023

### IL&FS Financial Services Limited (IFIN)

**Brickwork Ratings reaffirms the rating for the Perpetual Debt Instruments (Tier I Capital) of Rs 200 Crs of IL&FS Financial Services Limited (IFIN) based on best available information, as the Issuer did not Cooperate.**

#### Particulars:

Instrument **	Amount Rated (Rs. Cr)		Tenure	Rating*	
	Previous	Present		Previous (06 Jan 2022)	Present
Perpetual Debt Instruments (Tier I Capital)	200.00	<b>200.00</b>	Long Term	BWR D (Reaffirmed) Issuer Not Cooperating#	<b>BWR D/ Continues to be in ISSUER NOT COOPERATING# category/ Reaffirmed</b>
<b>Total</b>	200.00	<b>200.00</b>	<b>Rupees Two Hundred Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*\*Details of PDIs are provided in Annexure-I

# Issuer did not cooperate, based on best available information

#### RATING ACTION/OUTLOOK/NATURE OF NON-COOPERATION

Brickwork Ratings (BWR) reaffirms the ratings on perpetual debt instruments (Tier I Capital) of **IL&FS Financial Services Limited (IFIN or the Company)** at 'BWR D/ Continues to be in ISSUER NOT COOPERATING\*category', as tabulated above. Despite BWR's best efforts to obtain at least the minimum required information for a rating review, the Company has not provided the same. In the absence of adequate information received from the Company and continued lack of cooperation, BWR is unable to assess the entity's financial performance and its ability to service its debt and maintain a valid rating. Based on inadequate information; lack of cooperation, non submission of No Default Statements (NDS), persistent delay in servicing of the debt instruments (as confirmed by the Debenture Trustee), BWR reaffirms the rating of the perpetual debt instruments at 'BWR D/ Continues to be in ISSUER NOT COOPERATING category' based on the best available information.

#### LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. The current rating action has been taken on the basis of the limited information on the issuer's performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using



this rating as it may not adequately reflect the credit risk profile of the society, despite the downgrade.

#### **ABOUT THE COMPANY**

IL&FS Financial Services Ltd (IFIN), incorporated in 1995, is a wholly owned subsidiary of Infrastructure Leasing and Financial Services Limited (IL&FS) was registered as Systemically Important Non Deposit taking Non Banking Financial Company (NBFC ND SI) with Reserve Bank of India (RBI). IFIN's business profile was broadly divided into investment banking business (asset & structured finance), project debt syndication business, and corporate advisory services business. IFIN also had international presence through its fully owned subsidiaries.

#### **KEY FINANCIAL INDICATORS (As per last available with BWR in rationale dated 31 Dec 2018)**

<b>Brief Financials</b>		<b>March 2017 (Audited)</b>	<b>March 2018 (Audited)</b>
Total Income	Rs Crs	2431.80	2360.60
PAT	Rs Crs	226.10	114.70
CRAR	%	21.08	17.25
Gross NPA	%	3.30	5.30
Net NPA	%	2.36	3.49
Provision Coverage Ratio	%	21.57	35.45
Net Interest Margin	%	2.99	2.96

**Note:** Financials not available post FY18

#### **NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY**

CARE Ratings – CARE D/ Rating continues to remain under ISSUER NOT COOPERATING category since 12 March 2020 and reaffirmed on 29 December 2022.

ICRA Ratings – ICRA D ISSUER NOT COOPERATING since 31 October 2019 and reaffirmed on 21 November 2022

INDIA Ratings - IND D ISSUER NOT COOPERATING since 22 November 2019 and reaffirmed on 17 November 2022

#### **ANY OTHER INFORMATION (As available in public domain):**

The New Board of Directors of the Company, as part of the resolution process, has submitted several progress reports to the NCLT, including a framework for a resolution plan and process, steps undertaken for monetization of assets, appointment of consultants, and classification of group entities based on their abilities to meet various financial and operational obligations, measures for cost optimization and protocol for making payments beyond certain limits.

As of 30 November 2022 Mr. Gurumurthy Mahalingam was appointed as Director on the Board of IFIN, which was approved by the Board of Directors of IFIN on November 25, 2022.

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]**

S.No	Instrument	Current Rating FY23			Rating History		
		Type	Amount (Rs Crs)	Rating	2022 06.01.2022	2021 -	2020 28.12.2020
1	Perpetual Debt Instruments	Long Term	200	BWR D/ Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed	BWR D (Reaffirmed) Issuer not Cooperating	-	BWR D Issuer not Cooperating
<b>Total</b>			<b>200</b>	<b>Rupees Two Hundred Crores Only</b>			

*\*Issuer did not cooperate, based on best available information*

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

**PDI - Highly Complex**

For more information, visit

[www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Banks and Financial Institutions](#)
- [Default recognition and Post Default C period](#)

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**IL&FS Financial Services Limited (IFIN)**  
**Annexure - I**  
**Details of Bank Loan facilities rated by BWR: Nil**

**ANNEXURE- II**  
**INSTRUMENT (NCDs) Details:**

<b>Instrument</b>	<b>Issue Date</b>	<b>Amount (Rs in Crs)</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>ISIN Particulars</b>
PDI - 2018 VII Unsecured	29-Dec-2017	100.00	8.80%	Perpetual	INE121H08149
PDI - 2018 VII Unsecured	22-Mar-2018	100.00	9.00%	Perpetual	INE121H08156

**ANNEXURE- III**

**List of Entities Consolidated : Not Applicable**

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