MAY 5, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE ENHANCED BANK FACILITIES OF IL&FS TRANSPORTATION NETWORKS LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long Term/Short term Non-Fund based Bank facilities	1,110 [rated enhanced from Rs.600 crore]	**CARE A/CARE A1 (Single A)/(A One)**	**Reaffirmed**
Total bank facilities	**1,110 (Rupees One Thousand One hundred and Ten Crore Only)**		

Other ratings:

Facilities	Amount (Rs. crore)	Ratings1	Remarks
Long-term Bank Facilities – Term Loan	1,186.50	CARE A (Single A)	Reaffirmed
Short-term Bank Facilities – Term Loan	420.50	CARE A1 (A One)	Reaffirmed
Total Bank facilities	**1,607.00**		
Non-Convertible Debenture issue	1,500.00	CARE A (Single A)	Reaffirmed
Non-Convertible Debenture issue (NCDs)	500.00#	CARE AAA (SO) [Triple A (Structured Obligation)]*	Reaffirmed
Proposed Non-Convertible Debenture issue (NCDs)@@	200.00	Provisional CARE AAA (SO) [Triple A Structured Obligation]*	Reaffirmed
Non-Convertible Debenture issue (NCDs)	390.00	CARE AAA (SO) [Triple A (Structured Obligation)]**	Reaffirmed
Commercial Paper issue	750.00	CARE A1 (A One)	Reaffirmed
Total instruments/Bank Facilities	**4,947.00**		

**credit enhancement in the form of a binding tripartite Parent Agreement for shortfall undertaking, whereby Debenture Trustee has a right to call upon IL&FS (i.e. Parent) for timely repayment of outstanding amounts of the aforesaid instruments.*

 # including Green shoe option of Rs.100 crore

@Ratings shall remain provisional till the receipt of the executed copies of the transaction documents such as Debenture Trust Deed, Parent Agreement/Shortfall Undertaking and Information Memorandum along with Independent Legal Opinion to the satisfaction of CARE.

***credit enhancement in the form of a binding tripartite Parent Agreement for shortfall undertaking, whereby Debenture Trustee has a right to call upon IL&FS (i.e. Parent) for timely repayment of outstanding amounts of the aforesaid instruments.*

Rating Rationale

The reaffirmation of the ratings assigned to the bank facilities/instruments of IL&FS Transportation Networks Ltd (ITNL) continue to draw comfort from strong parentage of Infrastructure Leasing & Financial Services Limited (IL&FS, rated 'CARE AAA/CARE A1+'), significant experience and expertise of IL&FS Transportation Networks Limited (ITNL) in surface transportation and road infrastructure development, established track record in project execution and its dominant position in the domestic road sector reflected by ownership of geographically diversified road assets with healthy mix of annuity and toll based projects. The ratings also build in recent efforts by the company to deleverage its balance sheet by raising equity through proposed rights issue. The increased government focus on investment and development of road infrastructure in India are the other credit positives.

The rating strengths are, however, tempered by ITNL's continued financial commitments and support extended to under construction and operational projects and relatively high financial leverage. While ITNL continues to remain exposed to refinancing risk due to long gestation period of the investment in the projects and medium to short-term borrowings being used to support such investments, CARE draws comfort from refinancing of part of short-term debt by longer maturity *debt in FY15 (refers to the period April 1 to March 31) resulting in elongation of the effective maturity of debt. The ratings strengths are further tempered by project execution and implementation risks as approximately 3,941 lane km at SPV level are currently under various stages of construction/development and are likely to be commissioned in the next 2-3 years.*

Higher than envisaged financial commitment to SPVs, timely funds mobilization by way of proposed rights issue with resultant impact on the ITNL's capital structure and concomitant improvement in financial leverage are the key rating sensitivities.

Background

ITNL is involved in the development, operations and maintenance of surface transportation infrastructure projects encompassing national and state highways, roads, tunnels, flyovers and bridges with expertise in development of build operate transfer (BOT) road projects. ITNL also renders services in areas of project advisory and management, supervisory, operation and maintenance (O&M) and toll collection services. As on December 31, 2015, the company is the largest player in road development segment on BOT basis with a pan India presence in 19 states. Incorporated in 2000, ITNL was promoted by IL&FS (rated 'CARE AAA/A1+'), which holds 71.92% equity stake (along with other IL&FS group companies) in ITNL, in order to consolidate its existing road infrastructure projects.

ITNL reported profit after tax (PAT) of Rs.319 crore on a total operating income of Rs.3,580 crore in FY15 as against PAT of Rs.266 crore on a total operating income of Rs.3,668 crore in FY14.

Analyst Contact

Name: Ms Rajashree Murkute
Tel: 022- 6754 3440
Email: rajashree.murkute@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

CONTACT

Head Office Mumbai

Mr. Saikat Roy
Mobile: + 91 98209 98779
E-mail: saikat.roy@careratings.com

Mr. Amod Khanorkar
Mobile: + 91 9819084000
E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Deepak Prajapati
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-9099028864
Tel: +91-80-4115 0445, 4165 4529
E-mail: deepak.prajapati@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100/09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 /0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037
Tel: +91-422-4332399/4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213/14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr. Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691