JUNE 15, 2015

CARE ASSINGS THE RATING OF 'CARE A/CARE A1' TO ADDITIONAL NCD/CP ISSUE OF IL&FS TRANSPORTATION NETWORKS LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Non Convertible Debentures	1,500	**CARE A [Single A]**	**Rated amount enhanced from Rs.1,000 crore**
Commercial Paper	150	**CARE A1 [Single A One]**	**Assigned**

Other Ratings

Instruments	Amount (Rs. crore)	Ratings
Long-term Bank Facilities – Term Loan	**1,257**	**CARE A (Single A)**
Short-term Bank Facilities – Term Loan	**330**	**CARE A1 (Single A One)**
Long/Short-term Bank Facilities	**620**	**CARE A/CARE A1 (Single A/Single A One)**
Commercial Paper	**400**	**CARE A1 [Single A One]**
Total instruments/bank facilities	**2,607**	

Rating Rationale

The ratings continue to draw comfort from strong parentage of Infrastructure Leasing & Financial Services Limited (IL&FS, rated 'CARE AAA/A1+'), significant experience and expertise of IL&FS Transportation Networks Limited (ITNL) in surface transportation and road infrastructure development, proven 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 effort by the company to deleverage its balance sheet by raising equity through rights issue and the Government's focus on investment and development of road infrastructure in India.

The ratings are, however, tempered by ITNL's continued financial commitment 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 FY14 (refers to the period April 1 to March 31), resulting in elongation of the effective maturity of debt. The ratings are further tempered by project execution and implementation risks as approximately 3,939 lane km at SPV levels are under various stages of construction/development as on March 31, 2015 and are likely to be commissioned in the next 2-3 years.

Higher financial commitment to SPVs than envisaged and the resultant impact on the ITNL's capital structure and 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 March 31, 2015, the company is the largest player in road development segment on BOT basis with a pan India presence in 18 states. Incorporated in 2000, ITNL was promoted by IL&FS [rated 'CARE AAA/A1+'], which holds 70.79% equity stake (along with other IL&FS group companies) in ITNL, in order to consolidate its existing road infrastructure projects.

On standalone basis, the company reported profit after tax (PAT) of Rs.319 crore on revenues of Rs.3,523 crore in FY15 as against PAT of Rs.266 crore on a revenues of Rs.3,405 crore in FY14.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Analyst Contact
Name: Mr. Dhaval Patel
Tel: 022 - 67543438
Email: dhaval.patel@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. D.R. Dogra
Managing Director
Mobile: +91-98204 16002
E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi
Dy. Managing Director
Mobile: +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi
Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Vice President - Bank Loan & Financial Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@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

Other Office:
503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

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. Dinesh Sharma
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@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

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 94139 69100
Tel: +91-141-402 0213 / 14
E-mail: harshraj.sankhla@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. Rahul Patni
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail:rahul.patni@careratings.com

CIN - L67190MH1993PLC071691