IL&FS Transportation Networks Limited (Revised)

September 28, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long - Term Bank Facilities	2,241.50	**CARE D (Single D)**	Revised from CARE BB; Negative (Double B; Outlook: Negative)
Short - Term Bank Facilities	230.00	**CARE D (Single D)**	Revised from CARE A4 (A Four)
Long/Short Term Bank Facilities	890.00	**CARE D (Single D)**	Revised from CARE BB; Negative / CARE A4 (Double B; Outlook Negative / A Four)
Total Facilities (A)	**3,361.50 (Rupees three thousand three hundred sixty one crore and fifty lakh only)**		

Instruments	Amount (Rs. crore)	Rating	Rating Action
Non-Convertible Debentures	1990.00	**CARE D (Single D)**	Revised from CARE BB; Negative (Double B; Outlook: Negative)
Proposed Non-Convertible Debentures	200.00	**CARE D (Single D)**	Revised from Provisional CARE BB; Negative (Provisional Double B; Outlook: Negative)
Total Instruments (B)	**2190.00 (Rupees two thousand one hundred and ninety crore only)**		
Total Bank facilities/instruments (A+B)	**5551.50 (Rupees five thousand five hundred fifty one crore and fifty lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating of IL&FS Transportation Networks Limited (ITNL) factors in the delay in debt servicing. The liquidity profile of the group continues to be under stress on account of delay in raising funds from the promoters' and impending debt payments. Further, the company's plans to raise funds from promoters are yet to be finalized.

Detailed description of the key rating drivers

Key Rating Weaknesses

Delays in servicing of debt obligations: The company had delayed in its debt servicing obligation. In addition, Infrastructure and Leasing Financial Services (IL&FS) (rated CARE D) and its subsidiaries have filed an application before

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

the National Company Law Tribunal (NCLT) under section 230 of the Companies Act, 2013, seeking to restructure its debts.

Deterioration in the liquidity profile of its parent, IL&FS : As a part of the deleveraging plan, IL&FS group had envisaged monetization of certain identified assets to reduce debt levels, infusion of equity capital (Rs.4,500 crore) by H1FY19 to decrease leverage as well as have a funding line from promoter entities as a liquidity measure. However, the deleveraging has taken longer than expected time, while uncertainty about the timely infusion of funds vis-à-vis impending debt payment obligations in the near term has severely impacted the liquidity profile of the parent and the group entities.

Analytical approach: For analysing the credit risk profile of ITNL, CARE has analysed the credit on a consolidated basis for ITNL as the company along with its SPVs, which house road assets and have strong linkages with holding company, both operational and financial.

Applicable Criteria
[CARE's Policy on Default Recognition]

About the Company
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 the areas of project advisory and management, supervisory in the capacity of lenders' engineer, operation and maintenance (O&M) and toll collection services. Incorporated in 2000, ITNL was promoted by IL&FS [rated CARE D] which currently holds 71.92% equity stake in ITNL, in order to consolidate its existing road infrastructure projects.
On a standalone basis, ITNL has earned about 56.60% of its total reported income from construction activity in FY2018 as against 66.20% in FY2017.
As on March 31, 2018, the company is the largest player in road development segment on BOT basis (13,493 Lane kms) with a pan India presence in 20 states having 33 road projects (26 operational/7 under construction).

Brief Financials (consolidated) (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	8,309	9,397
PBILDT	3,505	3,954
PAT	146	65
Interest Coverage (times)	1.13	1.05
Overall Gearing; Leverage (times)	7.00	7.40

A: Audited, financial are reclassified as per CARE standards

Status of non-cooperation with previous CRA: ICRA has conducted the review on the basis of best available and has classified ITNL as 'Issuer non cooperating' vide its press release dated August 16, 2018.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *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.*

Analyst Contact:
Name : Mr. Viren Shah
Tel : 022-6754 3656
Board : 022-6754 3456
Email : viren.shah@careratings.com

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	1691.50	CARE D
Fund-based - ST-Term loan	-	-	-	230.00	CARE D
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	890.00	CARE D
Fund-based - LT-Cash Credit	-	-	-	50.00	CARE D
Fund-based - LT-Term Loan	-	-	31-Mar-23	500.00	CARE D
Debentures-Non Convertible Debentures	04-Mar-14	11.50%	04-Feb-24	100.00	CARE D
Debentures-Non Convertible Debentures	22-Jul-14	11.50%	21-Jun-24	200.00	CARE D
Debentures-Non Convertible Debentures	21-Nov-14	11.50%	20-Nov-19	125.00	CARE D
Debentures-Non Convertible Debentures	23-Mar-16	zero coupon	23-Mar-19	365.00	CARE D
Debentures-Non Convertible Debentures	23-Mar-16	zero coupon	23-Jun-19	25.00	CARE D
Debentures-Non Convertible Debentures	30-Mar-16	9.40%	05-Apr-19	425.00	CARE D
Debentures-Non Convertible Debentures	30-Jun-16	9.28%	30-Jun-21	200.00	CARE D
Debentures-Non Convertible Debentures	10-Aug-16	9.51%	10-Aug-26	200.00	CARE D
Debentures-Non Convertible Debentures	18-Aug-16	9.51%	18-Aug-26	100.00	CARE D
Debentures-Non Convertible Debentures	27-Oct-16	9.44%	27-Oct-26	250.00	CARE D
Proposed Debentures-Non Convertible	NA	NA	NA	200.00	CARE D

Debentures					

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	1691.50	CARE D	1)CARE BB; Negative (18-Jul-18) 2)CARE A-; Negative (01-Jun-18)	1)CARE A; Negative (10-Oct-17)	1)CARE A (25-Oct-16)	1)CARE A (29-Oct-15) 2)CARE A (23-Jul-15)
2.	Fund-based - ST-Term loan	ST	230.00	CARE D	1)CARE A4 (18-Jul-18) 2)CARE A2+ (01-Jun-18)	1)CARE A1 (10-Oct-17)	1)CARE A1 (25-Oct-16)	1)CARE A1 (29-Oct-15) 2)CARE A1 (23-Jul-15)
3.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	890.00	CARE D	1)CARE BB; Negative / CARE A4 (18-Jul-18) 2)CARE A-; Negative / CARE A2+ (01-Jun-18)	1)CARE A; Negative / CARE A1 (10-Oct-17)	1)CARE A / CARE A1 (25-Oct-16) 2)CARE A / CARE A1 (12-May-16) 3)CARE A / CARE A1 (05-May-16)	1)CARE A / CARE A1 (29-Oct-15) 2)CARE A / CARE A1 (23-Jul-15)
4.	Debentures-Non Convertible Debentures	LT	225.00	CARE D	1)CARE BB; Negative (18-Jul-18) 2)CARE A-; Negative (01-Jun-18)	1)CARE A; Negative (10-Oct-17)	1)CARE A (25-Oct-16)	1)CARE A (29-Oct-15) 2)CARE A (15-Jun-15)
5.	Commercial Paper	ST	-	-	1)Withdrawn (18-Jul-18) 2)CARE A2+ (01-Jun-18)	1)CARE A1 (10-Oct-17)	1)CARE A1 (25-Oct-16)	1)CARE A1 (29-Oct-15) 2)CARE A1 (28-Aug-15)
6.	Debentures-Non Convertible Debentures	LT	200.00	CARE D	1)CARE BB; Negative (18-Jul-18) 2)CARE A-; Negative (01-Jun-18)	1)CARE A; Negative (10-Oct-17)	1)CARE A (25-Oct-16)	1)CARE A (29-Oct-15) 2)CARE A (15-Jun-15)
7.	Commercial Paper	ST	-	-	1)Withdrawn (18-Jul-18) 2)CARE A2+ (01-Jun-18)	1)CARE A1 (10-Oct-17)	1)CARE A1 (25-Oct-16)	1)CARE A1 (29-Oct-15) 2)CARE A1 (28-Aug-15)

								3)CARE A1 (15-Jun-15)
8.	Debentures-Non Convertible Debentures	LT	390.00	CARE D	1) CARE BB; Negative (26-Sep-18) 2)CARE BB (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)CARE AA+ (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 4)CARE AAA (SO); Stable (01-Jun-18)	1)CARE AAA (SO); Stable (10-Oct-17)	1)CARE AAA (SO) (25-Oct-16) 2)CARE AAA (SO) (13-Apr-16)	-
9.	Debentures-Non Convertible Debentures	LT	200.00	CARE D	1)Provisional CARE BB; Negative (26-Sep-18) 2)Provisional CARE BB (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)Provisional CARE AA+ (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 4)Provisional CARE AAA (SO); Stable (01-Jun-18)	1)Provisional CARE AAA (SO); Stable (10-Oct-17)	1)CARE AAA (SO) (25-Oct-16) 2)CARE AAA (SO) (12-Apr-16)	-
10.	Debentures-Non Convertible Debentures	LT	425.00	CARE D	1)CARE BB; Negative (26-Sep-18) 2)CARE BB (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)CARE AA+ (SO) (Under Credit watch with Negative Implications)	1)CARE AAA (SO); Stable (10-Oct-17)	1)CARE AAA (SO) (25-Oct-16) 2)CARE AAA (SO) (12-Apr-16)	-

					(16-Aug-18) 4)CARE AAA (SO); Stable (01-Jun-18)			
11.	Fund-based - LT-Cash Credit	LT	50.00	CARE D	1)CARE BB; Negative (18-Jul-18) 2)CARE A-; Negative (01-Jun-18)	1)CARE A; Negative (10-Oct-17)	1)CARE A (25-Oct-16) 2)CARE A (12-May-16)	-
12.	Debentures-Non Convertible Debentures	LT	250.00	CARE D	1)CARE BB- (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 2)CARE AA (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 3)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (10-Oct-17)	1)CARE AA+ (SO) (10-Nov-16) 2)Provisional CARE AA+ (SO) (25-Oct-16) 3)Provisional CARE AA+ (SO) (24-Aug-16) 4)Provisional CARE AA+ (SO) (15-Jul-16)	-
13.	Debentures-Non Convertible Debentures	LT	200.00	CARE D	1)CARE BB; Negative (26-Sep-18) 2)CARE BB- (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)CARE AA (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 4)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (10-Oct-17)	1)CARE AA+ (SO) (25-Oct-16) 2)CARE AA+ (SO) (15-Jul-16)	-
14.	Debentures-Non Convertible Debentures	LT	200.00	CARE D	1)CARE BB; Negative (26-Sep-18) 2)CARE BB- (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)CARE AA (SO) (Under Credit watch with Negative	1)CARE AA+ (SO); Stable (10-Oct-17)	1)CARE AA+ (SO) (25-Oct-16)	-

					Implications) (16-Aug-18) 4)CARE AA+ (SO); Stable (01-Jun-18)			
15.	Debentures-Non Convertible Debentures	LT	100.00	CARE D	1)CARE BB; Negative (26-Sep-18) 1)CARE BB- (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 2)CARE AA (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 3)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (10-Oct-17)	1)CARE AA+ (SO) (25-Oct-16) 2)CARE AA+ (SO) (24-Aug-16)	-
16.	Fund-based - LT-Term Loan	LT	500.00	CARE D	1)CARE BB; Negative (26-Sep-18) 2)CARE BB- (SO) (Under Credit watch with Negative Implications) (10-Sep-18) 3)CARE AA (SO) (Under Credit watch with Negative Implications) (16-Aug-18) 4)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (23-Mar-18) 2)Provisional CARE AA+ (SO); Stable (25-Jan-18)	-	-

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
Cell: + 91 98190 09839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Cell: + 91 98196 98985
E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
Cell: + 91 99675 70636
E-mail: rashmi.narvankar@careratings.com

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

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

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. Deepak Prajapati
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-9099028864
Tel: +91-79-4026 5656
E-mail: deepak.prajapati@careratings.com

BENGALURU
Mr. V Pradeep Kumar
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91 98407 54521
Tel: +91-80-4115 0445, 4165 4529
Email: pradeep.kumar@careratings.com

CHANDIGARH
Mr. Anand Jha
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 85111-53511/99251-42264
Tel: +91- 0172-490-4000/01
Email: anand.jha@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

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