

IL&FS Transportation Networks Limited

October 01, 2018

Summary of rated instruments

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper	1000.0	1000.0	[ICRA]D ISSUER NOT COOPERATING*; Downgraded from [ICRA]A4 ISSUER NOT COOPERATING*
Non-Convertible Debentures	2000.0	2000.0	[ICRA]D ISSUER NOT COOPERATING*; Downgraded from [ICRA]BB(Negative) ISSUER NOT COOPERATING*,
Term Loans	490.0	490.0	[ICRA]D Issuer Not Cooperating*; Downgraded from [ICRA]BB(Negative) ISSUER NOT COOPERATING*
Fund-based Bank limits	320.0	320.0	[ICRA]D ISSUER NOT COOPERATING*; Downgraded from [ICRA]A4 ISSUER NOT COOPERATING*
Preference Share	760.0	760.0	[ICRA]D ISSUER NOT COOPERATING*; Downgraded from [ICRA]BB-(Negative) ISSUER NOT COOPERATING*
Non-Convertible Debentures	1764.5	1764.5	[ICRA]D ISSUER NOT COOPERATING*; Revised from [ICRA]BB(SO)(Negative) ISSUER NOT COOPERATING*
Non-Convertible Debentures	199.0	199.0	[ICRA]D ISSUER NOT COOPERATING*; Revised from Provisional [ICRA]BB(SO)(Negative) ISSUER NOT COOPERATING*
Non-Convertible Debentures	1036.5	-	Revised from Provisional [ICRA]BB(SO)(Negative) ISSUER NOT COOPERATING* to [ICRA]D ISSUER NOT COOPERATING* and withdrawn
Total	7,570	6533.5	

[^]Instrument details are provided in Annexure-1

* Issuer did not cooperate; based on best available information

Rating action

ICRA has downgraded the long-term rating outstanding on the Rs. 2000.0 crore¹ NCD programme and Rs.490 crore term loans of IL&FS Transportation Networks Limited (ITNL)² to [ICRA]D Issuer Not Cooperating from [ICRA]BB Issuer Not Cooperating. ICRA has downgraded the short-term rating outstanding on the Rs. 320.0 crore fund-based bank facilities and Rs.1000 crore commercial paper programme of ITNL to [ICRA]D Issuer Not Cooperating from [ICRA]A4 Issuer Not Cooperating. Further, ICRA has downgraded the long-term rating outstanding on the Rs. 760.0 crore preference share of ITNL to [ICRA]D Issuer Not Cooperating from [ICRA]BB- Issuer Not Cooperating. The ratings continue to be in the Issuer Not-Cooperating Category.

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications.

ICRA had assigned ratings to the Rs. 3,000 crore structured NCD programme of ITNL in March 2017. Earlier, the ratings had factored in the credit enhancement provided in form of a DSRA Support Undertaking by (Infrastructure Leasing & Financial Services Limited (IL&FS Ltd). However, with revision in ratings of IL&FS Ltd to the Default category, the aforementioned NCDs do not draw any credit comfort from IL&FS. The ratings for these NCDs hence reflect the standalone credit risk of the Issuer. Accordingly, ICRA has revised the rating for the Rs. 1,764.50 crore structured NCD programme to [ICRA]D Issuer Not Cooperating from [ICRA]BB(SO) Issuer Not Cooperating and rating of Rs. 199.00 crore structured NCD programme to [ICRA]D Issuer Not Cooperating from Provisional [ICRA]BB(SO) Issuer Not Cooperating. The ratings continue to be in the Issuer Not-Cooperating Category. ICRA has also concurrently revised the rating of Rs. 1,036.50 crore structured NCD programme to [ICRA]D Issuer Not Cooperating from Provisional [ICRA]BB(SO) Issuer Not Cooperating and withdrawn the same as the issuer did not issue the rated instrument.

ICRA has been trying to seek information from the entity to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis best available/dated/ limited information on the issuers' performance.

Rationale

The downgrade in the rating reflects irregularities in debt servicing by the company and its failure to achieve any meaningful progress on a) equity infusion, b) asset monetisation and c) realisation of claims pending with authorities, thereby resulting in stretched liquidity position. On September 24, 2018, the promoter of the company (IL&FS Ltd) has filed an application with National Company Law Tribunal seeking certain reliefs in connection with scheme of arrangement under Section 230 of the Companies Act, 2013.

The ratings continue to remain constrained by the high refinancing risk given sizable near-term debt repayment obligations. Ability of the company to execute the six³ under construction BOT projects in a timely manner remains important, failing which the resultant cost over-runs would add further to the existing shortfall. The ratings also remain constrained due to deterioration in credit profile of the parent company.

Outlook: Not Applicable

Key rating drivers

Credit weaknesses

Irregularities in debt servicing - The company has failed to service the debt obligation on time on account of failure to achieve any meaningful progress on a) equity infusion, b) asset monetisation and c) realisation of claims pending with authorities, thereby resulting in stretched liquidity position. On September 24, 2018, the promoter of the company (Infrastructure Leasing & Finance Services Limited) has filed an application with National Company Law Tribunal seeking certain reliefs in connection with scheme of arrangement under Section 230 of the Companies Act, 2013.

High refinancing risk - The company remains exposed to refinancing risks, given the sizable near-term debt repayment obligations despite efforts being made by the company to elongate its debt maturity profile. As of March 31, 2018, ITNL had a debt of Rs. 13,509 crore outstanding (inclusive of preference share), of which 30% is repayable over the coming 12 months.

³ Balance project cost of ~Rs. 7,718 crore as of September 30, 2017

Deterioration in parent – Infrastructure Leasing & Financial Services Limited’s (IL&FS Ltd) credit profile: The liquidity position at the group level remains stretched given the delays in raising funds from the promoters in accordance with the earlier stated plans, deterioration in the credit profile of key investee companies and sizeable debt repayment obligations.

Analytical approach: ICRA has applied its methodologies as enumerated below.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Construction Entities Methodology](#)

[Rating Methodology for BOT \(Toll\) Roads](#)

[Policy on Default Recognition](#)

[ICRA’s Policy on Withdrawal and Suspension of Credit Rating](#)

About the company:

Incorporated in 2000, IL&FS Transportation Networks Limited (ITNL) is an established surface transportation infrastructure company and one of the largest private sector Build-Operate-Transfer (BOT) road operators in India. The company is promoted by IL&FS Limited which holds 71.92% equity stake in ITNL as on December 31, 2017. Since inception, ITNL has been involved in the development, construction and implementation, operation and maintenance of national and state highways, roads, flyovers and bridges. ITNL, through its wholly-owned subsidiary in Singapore, namely ITNL International Pte Ltd (IIPL) holds 100% equity stake in Elsamex S.A, a Spanish O&M operator which provides maintenance services for infrastructure facilities largely in the roads sector in Spain and the rest of Europe and 49% stake (51% being held by Chongqing Expressway Group Company Limited) in Chongqing YuHe Expressway Company Limited (CYECL), a toll-based road project in south-west China which has a long operating history of over nine years.

Key Financial Indicators (Audited, Standalone)

	FY 2016	FY 2017	FY 2018
Operating Income (Rs. crore)	4524.1	3676.3	3536.83
PAT (Rs. crore)	-97.4	236.4	251.8
OPBDIT/ OI (%)	12.6%	23.5%	23.3%
RoCE (%)	9.3%	11.8%	
Total Debt/ TNW (times)	3.6	4.1	4.4
Total Debt/ OPBDIT (times)	16.9	13.3	16.4
Interest coverage (times)	0.5	0.6	0.5

OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; PAT: Profit after Tax; RoCE: Return on Capital Employed; NWC: Net Working Capital; TNW: Tangible Network

Note: Financials are as per Ind AS

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument				Current Rating (FY2019)						Chronology of Rating History for the past 3 years				
		Type	Amount Rated (Rs. crore)	Amount O/s (Rs Crore)	Date & Rating						Date & Rating in FY 2018			Date & Rating in FY2017	
					October 2018	September 2018	August 16 2018	August 07 2018	July 2018	May 2018	Feb 2018	Nov 2017	Aug 2017	March 2017	Jan 2017
1	CP	Short Term	1000.0	143	[ICRA]D ISSUER NOT COOPERATING;	[ICRA]A4 ISSUER NOT COOPERATING;	[ICRA]A4 ISSUER NOT COOPERATING;	[ICRA]A4	[ICRA]A4	[ICRA]A2+ &	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1
2	NCD	Long Term	349.0	1963.50	[ICRA]D ISSUER NOT COOPERATING;	[ICRA]BB(SO); (Negative) ISSUER NOT COOPERATING;	[ICRA]AA(SO); @ ISSUER NOT COOPERATING;	[ICRA]AA(SO); @ on rating watch with negative implications	[ICRA]AA+(SO); @ placed on rating watch with negative implications	[ICRA]AA+(SO) (Stable)	[ICRA]AA+(SO) (Stable)	-	-	Provisional [ICRA]AA+(SO) (Stable)	
3	NCD	Long Term	150.5		[ICRA]D ISSUER NOT COOPERATING;	[ICRA]BB(SO); (Negative) ISSUER NOT COOPERATING;	[ICRA]AA(SO); @ ISSUER NOT COOPERATING	[ICRA]AA(SO); @ on rating watch with negative implications	[ICRA]AA+(SO); @ placed on rating watch with negative implications	[ICRA]AA+(SO) (Stable)	[ICRA]AA+(SO) (Stable)	[ICRA]AA+(SO) (Stable)	-		
4	NCD	Long Term	750.0		[ICRA]D ISSUER NOT COOPERATING;	[ICRA]BB(SO); (Negative) ISSUER NOT COOPERATING;	[ICRA]AA(SO); @ ISSUER NOT COOPERATING	[ICRA]AA(SO); @ on rating watch with negative implications	[ICRA]AA+(SO); @ placed on rating watch with negative implications	[ICRA]AA+(SO) (Stable)	[ICRA]AA+(SO) (Stable)	[ICRA]AA+(SO) (Stable)	[ICRA]AA+(SO) (Stable)		
5	NCD	Long Term	515.0		[ICRA]D ISSUER NOT COOPERATING;	[ICRA]BB(SO); (Negative) ISSUER NOT COOPERATING;	[ICRA]AA(SO); @ ISSUER NOT COOPERATING	[ICRA]AA(SO); @ on rating watch with negative implications	[ICRA]AA+(SO); @ placed on rating watch with negative implications	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)		
6	NCD	Long Term	199.0		[ICRA]D ISSUER NOT COOPERATING;	Provisional [ICRA]BB(SO); (Negative) ISSUER NOT COOPERATING;	Provisional [ICRA]AA(SO); @ ISSUER NOT COOPERATING	Provisional [ICRA]AA(SO); @ on rating watch with	Provisional [ICRA]AA+(SO); @ placed on rating watch	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)		

								negative implications	with negative implications						
7	NCD	Long Term	1036.5		Withdrawn	Provisional [ICRA]BB(SO); (Negative) ISSUER NOT COOPERATING;	Provisional [ICRA]AA(SO); @ ISSUER NOT COOPERATING	Provisional [ICRA]AA(SO); @ on rating watch with negative implications	Provisional [ICRA]AA+(SO); @ placed on rating watch with negative implications	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)	Provisional [ICRA]AA+(SO) (Stable)		-
8	NCD	Long Term	2000.0	537.8	[ICRA]D ISSUER NOT COOPERATING	[ICRA]BB; (Negative) ISSUER NOT COOPERATING	[ICRA]BB; (Negative) ISSUER NOT COOPERATING	[ICRA]BB (Negative)	[ICRA]BB (Negative)	[ICRA]A- &	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)
9	Term Loans	Long Term	490.0	340	[ICRA]D ISSUER NOT COOPERATING	[ICRA]BB; (Negative) ISSUER NOT COOPERATING	[ICRA]BB; (Negative) ISSUER NOT COOPERATING	[ICRA]BB (Negative)	[ICRA]BB (Negative)	[ICRA]A- &	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)
10	Fund-based Bank limits	Short Term	320.0	0.0	[ICRA]D ISSUER NOT COOPERATING	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4	[ICRA]A4	[ICRA]A2+ &	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1
11	Preference Share	Long Term	760.0	458.4	[ICRA]D ISSUER NOT COOPERATING	[ICRA]BB-; (Negative) ISSUER NOT COOPERATING	[ICRA]BB-; (Negative) ISSUER NOT COOPERATING	[ICRA]BB- (Negative)	[ICRA]BB- (Negative)	[ICRA]BBB+ &	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)
	Total		7,570	3,442.7											

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
INE975G08249/ INE975G08256	NCD	Oct 2017	9.25% /9.37% ⁴	October 2022/October 2027	150.50	[ICRA]D ISSUER NOT COOPERATING;
INE975G08223 /INE975G08231	NCD	Mar 2017	9.20% /9.33% ⁵	April 2022/March 2027	750.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G08264/ INE975G07019	NCD	Nov 2017	9.37%/ 9.00% ⁶	November 2027	200.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G08272/ INE975G07027	NCD	Dec 2017	9.25%/ 9.00% ⁷	December 2022/December 2027	149.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G07043	NCD	Feb 2018	9.10%	December 2027	100.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G07035	NCD	Feb 2018	9.10%	February 2023	100.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G07068	NCD	March 2018	9.10%	March 2025	100.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G07050	NCD	March 2018	9.15%	March 2023	75.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G07076	NCD	March 2018	9.20%	March 2028	140.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G08280	NCD	April 2018	9.35%	April 2023	10.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G08306	NCD	April 2018	9.45%	April 2028	75.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G08298	NCD	April 2018	9.40%	April 2025	15.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G07084	NCD	May 2018	9.15%	May 2025	24.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G07092	NCD	May 2018	9.20%	May 2028	75.00	[ICRA]D ISSUER NOT COOPERATING;
NA	NCD	Yet to be placed	NA	NA	-	[ICRA]D ISSUER NOT COOPERATING; Withdrawn
INE975G08017	NCD	Jan 2013	12.00%	January 2019	400.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G08033	NCD	Mar 2013	12.00%	March 2019	600.00	[ICRA]D ISSUER NOT COOPERATING;

⁴ The Rs. 150 crore NCDs have been issued in two tranches of Rs. 118 crore and Rs. 32.50 crore

⁵ The Rs. 750 crore NCDs have been issued in two tranches of Rs. 300 crore and Rs. 450 crore

⁶ The Rs. 200 crore NCDs have been issued in two tranches of Rs. 100 crore and Rs. 100 crore

⁷ The Rs. 149 crore NCDs have been issued in two tranches of Rs. 50 crore and Rs. 99 crore

INE975G08082	NCD	Jan 2015	11.80%	December 2024	250.00	[ICRA]D ISSUER NOT COOPERATING;
INE975G08090	NCD	Feb 2015	11.80%	January 2025	250.00	[ICRA]D ISSUER NOT COOPERATING;
NA	Commercial Paper			7-365 days	1000.00	[ICRA]D ISSUER NOT COOPERATING;
NA	Term Loan			June 2019	490.0	[ICRA]D ISSUER NOT COOPERATING;
NA	Short Term Loan			June 2018	320.00	[ICRA]D ISSUER NOT COOPERATING;
NA	Preference Share				760.00	[ICRA]D ISSUER NOT COOPERATING;

Source: Company

ANALYST CONTACTS

Shubham Jain
+91 124 4545 306
shubhamj@icraindia.com

Vibhor Mittal
+91 22 6114 3440
vibhorm@icraindia.com

Rajeshwar Burla
+91 40 4067 6527
rajeshwar.burla@icraindia.com

Rohit Agarwal
+91 22 6169 3329
rohit.agarwal@icraindia.com

RELATIONSHIP CONTACT

Mr. L Shivakumar
+91 22 61143406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 66069999

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