

May 7, 2010

**CARE ASSIGNS 'AAA' RATING TO THE NCD ISSUE OF  
INFRASTRUCTURE LEASING & FINANCIAL SERVICES LTD**

CARE has assigned **CARE AAA [Triple A]** rating to the proposed Non-Convertible Debentures issue of Infrastructure Leasing & Financial Services Ltd (IL&FS) aggregating to Rs.500 crore. Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimal credit risk.

<b>Instruments</b>	<b>Rated Amount (Rs. crore)</b>	<b>Rating</b>
Non-Convertible Debentures(NCD)	500	<b>'CARE AAA'</b>

The ratings factor in the transformation of IL&FS to a holding company by virtue of de-merger of the investment banking operations to its subsidiary IL&FS Financial Services Ltd. (IFIN), at the same time recognising IL&FS' ability to function as a seamless entity along with IFIN by virtue of IFIN being a wholly owned subsidiary. The ratings also factors in IL&FS' strong institutional ownership, its expertise in providing turnkey solutions and facilitating infrastructure projects, good financial flexibility, track record of profitable operations and demonstrated ability to offload investments in successful ventures.

However, IL&FS' ability to maintain profitability in a sustained manner, realise value from sale/disinvestment of some of its group/affiliate companies in a timely manner, its ability to centrally manage group resources and liquidity and fund its future infrastructure initiatives without unduly impacting its gearing levels as also its ability to resolve its weak exposures to some of its group/affiliate companies would be the key rating sensitivities.

**Background**

IL&FS is one of India's leading infrastructure development and finance companies promoted by the Central Bank of India (CBI), Housing Development Finance Corporation (HDFC) and Unit Trust of India (UTI). The shareholding pattern of the company has undergone a considerable change over the years with wider participation of other domestic as well as foreign institutional investors. IL&FS' total income and net profit for FY09 stood at Rs.924.1 crore and Rs.314.7 crore respectively. During 9MFY10 the company reported a Total Income of Rs.545 crore and a PAT of Rs.169 crore. The company has made provisions of Rs.80 crore and Rs.35 crore respectively for FY09 and 9MFY10 for general contingencies.

**Note: Shri S.M. Datta, the Chairman of IL&FS Investment Managers is one of CARE's Rating Committee Members. IL&FS Investment Managers is now a key subsidiary of IL&FS. Review of IL&FS involves analysis of all its key subsidiaries. Shri Datta did not participate in the rating process or in the meeting of the Rating Committee when the rating of IL&FS was discussed**

**Analyst Contact**

Name : Milind Gadkari

Tel # 6754 3466

Mobile # 98217 12848

Email: milind.gadkari@careratings.com

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

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b>  Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>