



# IL&FS Transportation Networks Limited

December 2016 | Strictly Private & Confidential



## Discussion Materials

# Disclaimer



*The information in this presentation has been prepared by IL&FS Transportation Networks Limited (the “Company”) and has not been independently verified. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information presented or contained in these slides is current as of the dates specified hereof and is subject to change without notice, and its accuracy is not guaranteed. Neither the Company, nor any of its advisers or representatives, nor any of their respective affiliates makes any undertaking to update any such information subsequent to the date hereof. This presentation should not be construed as legal, tax, investment or other advice.*

*No consideration has been given to the particular objectives, financial situation or particular needs of any recipient. This presentation is not an offer or invitation to subscribe to any securities and is not a Prospectus, a statement in lieu of prospectus, an offering circular, offering memorandum, placement memorandum, or an offering document (by whatever name called) within the meaning of the Companies Act, 2013, the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 or any other applicable law in India or in any other jurisdictions. It is clarified that the presentation is not intended to be a document offering for subscription or sale of any securities or inviting offers from the public or any section thereof.*

*None of the Company, any of its Directors, employees, advisors or representatives, or any of their respective affiliates shall have any liability whatsoever (in negligence or otherwise) for any loss arising from the use of this presentation or its contents or otherwise arising in connection with this presentation.*

*This presentation is not intended for distribution or reproduction to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This presentation is confidential and should not be copied, reproduced, re-circulated, redistributed, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of the Company. Any unauthorized use, disclosure or public dissemination of information contained herein is prohibited. The distribution of this presentation in certain jurisdictions may be restricted by law. Accordingly, any persons in possession of the aforesaid should inform themselves about and observe any such restrictions.*

*This presentation is for information and convenient reference and does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities of the Company nor should it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This presentation does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this presentation may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended or an exemption from such registration.*

*This presentation is not intended to be fully inclusive and may not contain all of the information that you may consider material. This presentation contains historical information that should not be regarded as an indication of future performance or results.*

*This presentation contains certain statements of future expectations and other forward-looking statements, including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects, and future developments in its sector and its competitive and regulatory environment. In addition to statements which are forward looking by reason of context, the words ‘may’, ‘will’, ‘should’, ‘expects’, ‘plans’, ‘intends’, ‘anticipates’, ‘believes’, ‘estimates’, ‘predicts’, ‘potential’ or ‘continue’ and similar expressions identify forward looking statements. All forward looking statements including financial projections are subject to risks, uncertainties and assumptions that could cause actual results, performances or events to differ materially from the results contemplated by the relevant forward looking statement. The factors which may affect the results contemplated by the forward looking statements could include, among others, future changes or developments in (i) the Company's or the IL&FS Transportation Investment Trust (“InvIT” / “Trust”) business, (ii) the Company's or Trust's regulatory and competitive environment, (iii) the road infrastructure sector, and (iv) political, economic, legal and social conditions in India.*

*Certain numbers in this presentation have been subject to routine round off and accordingly figures shown in the presentation, including the total in tables and diagrams, may not be an arithmetic aggregation of the figures that precede them.*

*By being a participant at or by accepting any copy of this presentation, you agree to be bound by the foregoing limitations.*

*The industry data in this presentation has been sourced from sources including “Report on Roads Industry in India” (“Report”) dated September 2016, issued by CRISIL Limited*

*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing the report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data/Report and is not responsible for any errors or omissions or for the results obtained from the use of Data/Report. The Report is not a recommendation to invest/disinvest in any entity covered in the Report and no part of the Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers/users/transmitters/distributors of the Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. IIML Asset Advisors Limited will be responsible for consequences of non compliances for wrongful/improper use of the Report or any part thereof. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Report are that of CRISIL Research and not of CRISIL's Rating Division/CRIS. No part of the Report may be published/reproduced in any form without CRISIL's prior written approval.*



- 1. Sponsor Overview 2
- 2. Overview of IL&FS Transportation Investment Trust (“InvIT”) 4
- 3. Strengths of IL&FS Transportation Investment Trust 7
- 4. Summary Financials 17
- Appendix
  - A. InvIT Product Overview 22
  - B. Historical Financials 24
  - C. Profiles of each of the Project SPVs 28
  - D. Business Strategy 32





**IL&FS Transportation Networks Limited**



# 1. Sponsor Overview



## Business Overview

- Incorporated in 1987, Infrastructure Leasing & Financial Services Limited (“IL&FS”) is one of India's leading infrastructure development and finance companies
- Track record of promoting and financing infrastructure projects in India for over 25 years
- Identifies need-driven projects including roads, bridges, power, ports, water supply, area development which can be commercially viable and works on structural / financial solutions to enhance project viability

## Service Offerings

- Offers a full range of financial, project development and management services including investment banking, project financing, project development, management and implementation, asset management, corporate advisory through its group companies

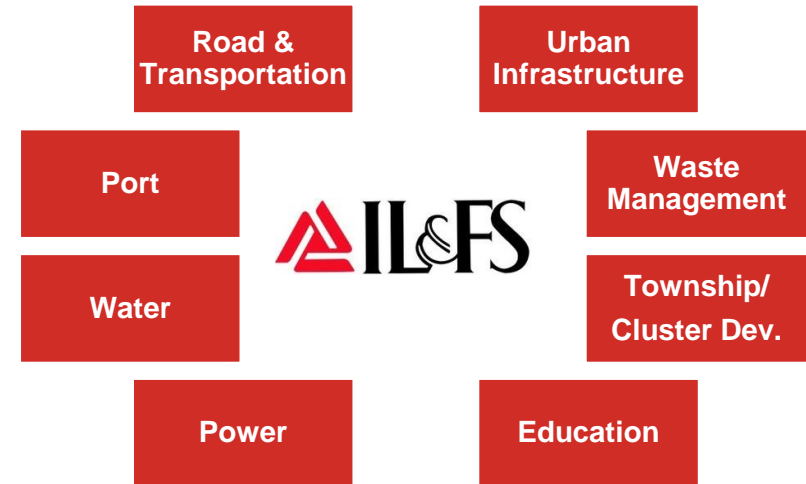
## Relationship with Government

- Strategic relations with various state governments
- Ongoing relationships with various departments of the central government

## Institutionally Owned / Management Team

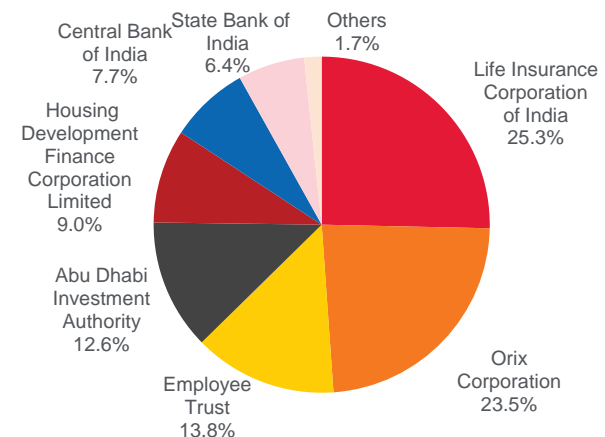
- IL&FS is managed by a team of professionals led by Mr. Ravi Parthasarathy, Chairman, IL&FS Group

## IL&FS Group Presence: Key Infrastructure Verticals



## Robust institutional shareholder base: Shareholding Pattern

(As on September 30, 2016)





# IL&FS Transportation Network Limited (“ITNL”): Overview

## Business Overview

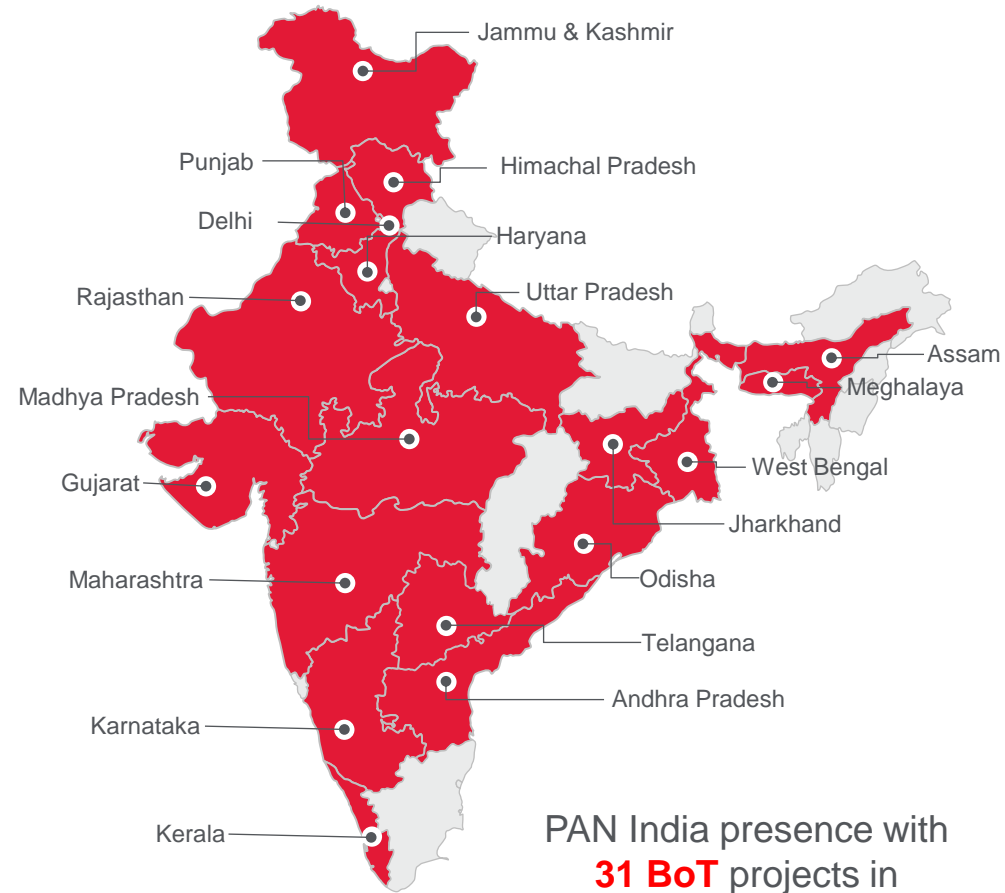
- ITNL is a successful surface transportation infrastructure company and with a sizable build-own-operate project portfolio
- Pan India presence with diverse projects across several states in India
- Established in 2000 and promoted by IL&FS
- Approximately 14,699 lane km under road assets portfolio comprising a mix of toll and annuity based projects
- Relationships with Government authorities such as National Highway Authority of India Limited (“NHAI”)
- Presence in other non-road segments viz. mass rapid transport system, urban transportation infra system, multi-level car parking and border check posts
- International operations primarily in the road segment and spread across Spain, Portugal, Mexico, Colombia, UAE and China etc.
- Shareholding pattern (As on 30<sup>th</sup> September 2016)
  - IL&FS Group (Promoters): 73%, Foreign Portfolio Investors: 7%, Financial Institutions / Banks: 1%, Others: 19%

## Historical Financial Performance

(INR mn)	Fiscal Year Ending 31 <sup>st</sup> March				
	FY12	FY13	FY14	FY15	FY16
Revenue from operations	56,056	66,448	65,870	65,010	82,638
Other Income ("OI")	1,238	1,440	2,155	3,273	4,682
<b>Total Revenue</b>	<b>57,294</b>	<b>67,888</b>	<b>68,025</b>	<b>68,282</b>	<b>87,320</b>
EBITDA <sup>(1)</sup>	15,894	19,818	21,051	24,658	32,354

Source: Regulatory Filings by Company, Company Website. Shareholding available on BSE, NSE website.  
 Note: (1) Including other income, (2) Including non road projects, (3) includes pre – COD projects

## PAN India Presence



PAN India presence with **31 BoT** projects in several States

■ States with ITNL Presence





## **2. Overview of IL&FS Transportation Investment Trust ("InvIT")**

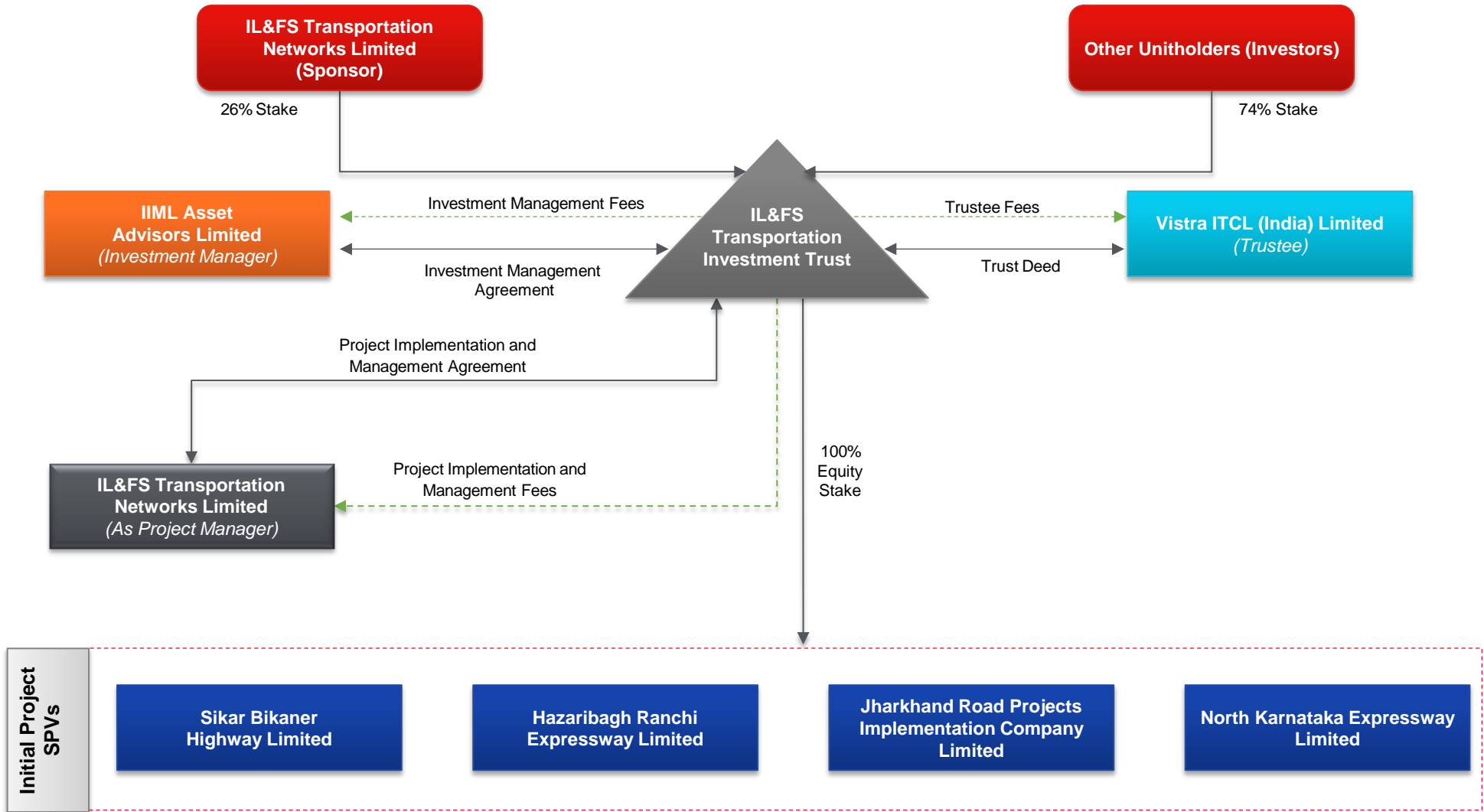
# Overview of IL&FS Transportation Investment Trust



<b>Name of the Trust</b>	<ul style="list-style-type: none"> <li>IL&amp;FS Transportation Investment Trust</li> </ul>	
<b>Sponsor</b>	<ul style="list-style-type: none"> <li>IL&amp;FS Transportation Networks Limited (“ITNL”)</li> </ul>	
<b>Trustee</b>	<ul style="list-style-type: none"> <li>Vistra ITCL (India) Limited (“Vistra”)</li> </ul>	
<b>Investment Manager</b>	<ul style="list-style-type: none"> <li>IIML Asset Advisors Limited (“IAAL”)</li> </ul>	
<b>Project Manager</b>	<ul style="list-style-type: none"> <li>ITNL</li> </ul>	
<b>Sponsor Holding</b>	<ul style="list-style-type: none"> <li>Sponsor to hold 26% of the total units of the InvIT</li> </ul>	
<b>Portfolio</b>	<p><b>Initial Portfolio:</b></p> <ul style="list-style-type: none"> <li><b>Concession Type: Annuity</b> <ul style="list-style-type: none"> <li>Hazaribagh Ranchi Expressway Limited</li> <li>Jharkhand Road Projects Implementation Company Limited</li> <li>North Karnataka Expressway Limited</li> </ul> </li> <li><b>Concession Type: Toll</b> <ul style="list-style-type: none"> <li>Sikar Bikaner Highway Limited</li> </ul> </li> </ul>	<p><b>ROFO Asset Pipeline:</b></p> <ul style="list-style-type: none"> <li>Pune Sholapur Road Development Company Limited (Toll)</li> <li>Baleshwar Kharagpur Expressway Limited (Toll)</li> <li>Khed Sinnar Expressway Limited (Toll)</li> <li>Chennani-Nashri Tunnelway Limited (Annuity)</li> </ul>
<b>Proposed ROFO Arrangement with Sponsor</b>	<ul style="list-style-type: none"> <li>In accordance with the ROFO deed to be entered, Sponsor to provide a ROFO for any 51%+ stake divestment</li> <li>Initial pipeline to include the above 4 identified assets</li> <li>ROFO to be granted for period of 10 years from the conclusion of the proposed fund raising exercise</li> <li>Assets proposed to be acquired would be eligible as per the terms of the InvIT regulations and other requirements</li> <li>Undertaking by Sponsor to make an irrevocable invitation to offer atleast one of the ROFO Pipeline Assets by March 31, 2020</li> </ul>	



# IL&FS Transportation Investment Trust Key Parties



# ITNL InvIT: Proposed Assets



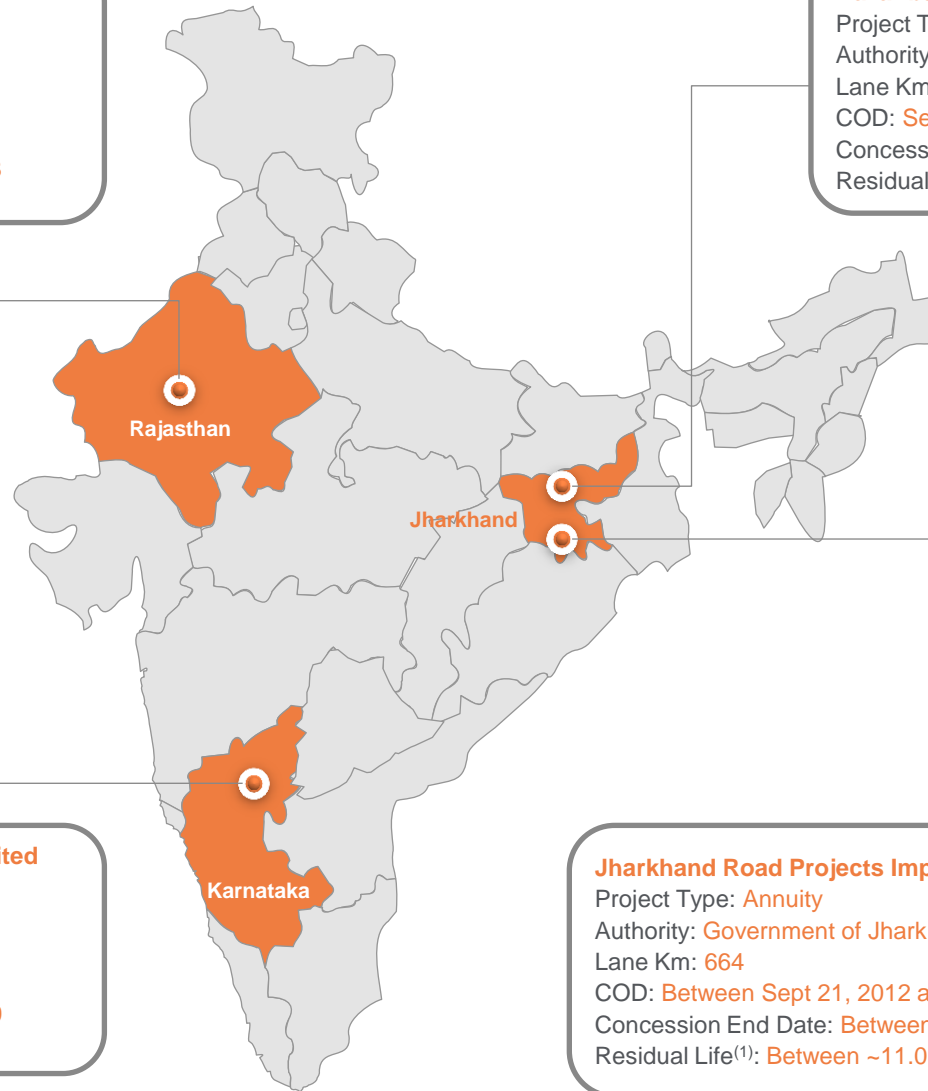
## Sikar Bikaner Highway Limited

Project Type: Toll  
 Authority: Public Works Department, Rajasthan  
 Lane Km: 540  
 COD: Oct 10, 2015  
 Concession End Date: Feb 17, 2038  
 Residual Life<sup>(1)</sup>: ~ 21.4 years<sup>(2)</sup>



## Hazaribagh Ranchi Expressway Limited

Project Type: Annuity  
 Authority: NHAI  
 Lane Km: 319  
 COD: Sept 15, 2012  
 Concession End Date: Jul 31, 2028  
 Residual Life<sup>(1)</sup>: ~11.8 years



## North Karnataka Expressway Limited

Project Type: Annuity  
 Authority: NHAI  
 Lane Km: 472  
 COD: Jul 19, 2004  
 Concession End Date: Dec 19, 2019  
 Residual Life<sup>(1)</sup>: ~3.2 years



## Jharkhand Road Projects Implementation Co. Limited

Project Type: Annuity  
 Authority: Government of Jharkhand  
 Lane Km: 664  
 COD: Between Sept 21, 2012 and Nov 30, 2014  
 Concession End Date: Between Sept 21, 2027 and Nov 30, 2029  
 Residual Life<sup>(1)</sup>: Between ~11.0 years and ~13.2 years

COD: Commercial Operation Date.

(1) As of September 30, 2016, (2) The SBHL Concession Agreement provides that, if the actual traffic volume falls short of, or exceeds, the target traffic volume on specified dates mentioned in the SBHL Concession Agreement, the concession period may be deemed to be extended or reduced, as the case may be, in accordance with the formula specified in the SBHL Concession Agreement. The SBHL Traffic Report estimates that the traffic volume on the Sikar Bikaner Toll Road may fall short of the targeted traffic volume set out in the SBHL Concession Agreement on the specified dates by approximately 947 PCUs or by 7.7%. Accordingly, the concession period is estimated to be extended by approximately 2.75 years. Such potential extension remains subject to actual traffic volume tests to be undertaken on the specified dates in accordance with the SBHL Concession Agreement



### **3. Strengths of IL&FS Transportation Investment Trust**



# Strengths of IL&FS Transportation Investment Trust



7

Experienced Management Team

1

Attractive Industry Dynamics  
Driven by Favorable Government  
Policies

6

Strong Sponsor and IL&FS Group,  
which have Proven Track  
Records in Infrastructure  
Development in India

2

Sizeable Portfolio of Road Assets  
Generating a Steady and Attractive  
Yield

5

Conservative Capital Structure To  
Support Future Acquisitions

3

Limited Execution and Operational  
Risk

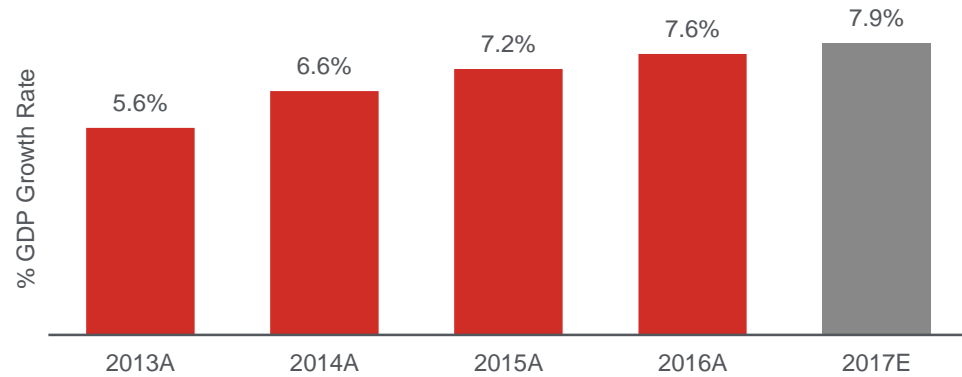
4

Ability to Expand Portfolio  
Through the Proposed ROFO  
Deed with Sponsor and Third  
Party Acquisitions

**IL&FS  
Transportation  
Investment  
Trust**



**GDP projected to consistently grow at a pace of 7%+...**



**... Accompanied by Favorable Policy Initiatives**



Financial incentives for road developers



Increased spending on Roads to INR 5.8trillion in 12<sup>th</sup> 5 Year Plan (2012 – 17)



Speedy implementation of the Pradhan Mantri Gram Sadak Yojana (“PMGSY”)



Rollout of Goods and Services Tax (“GST”)



National Highway Development Programme (“NHDP”) to Upgrade and Strengthen National Highways

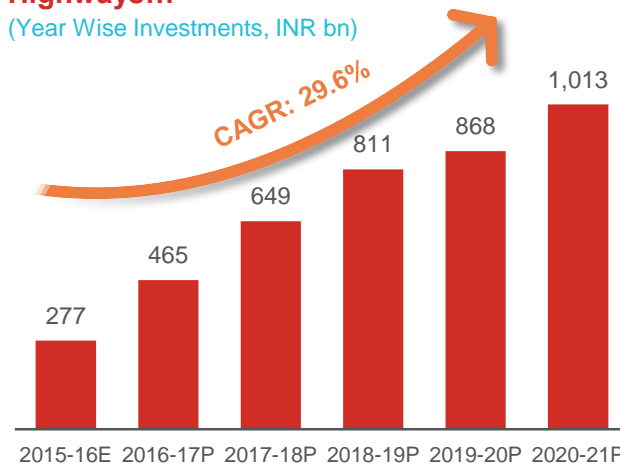
**Roads: A Major Focus Area for Development...**

(12th Five Year Plan Infra Expenditure split across Sectors)



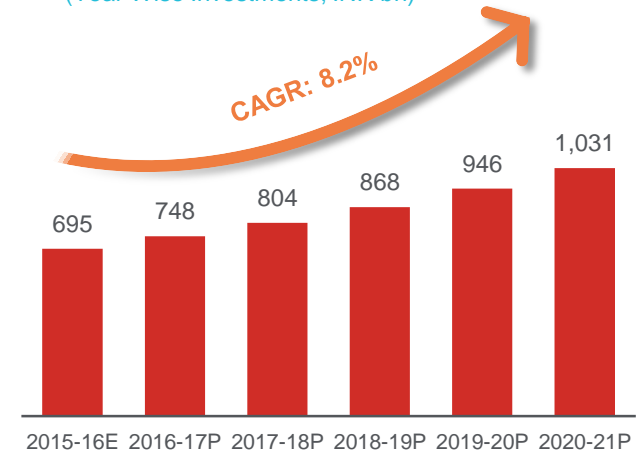
**... Supported by Investments in National Highways...**

(Year Wise Investments, INR bn)



**... and State Highways**

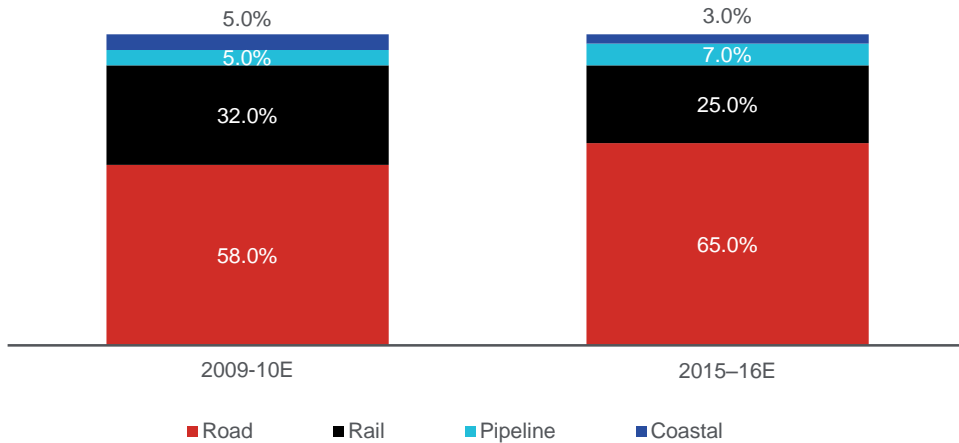
(Year Wise Investments, INR bn)





### Roads Expected to have High Share of Freight Movement...

Share of Freight Movement (%)

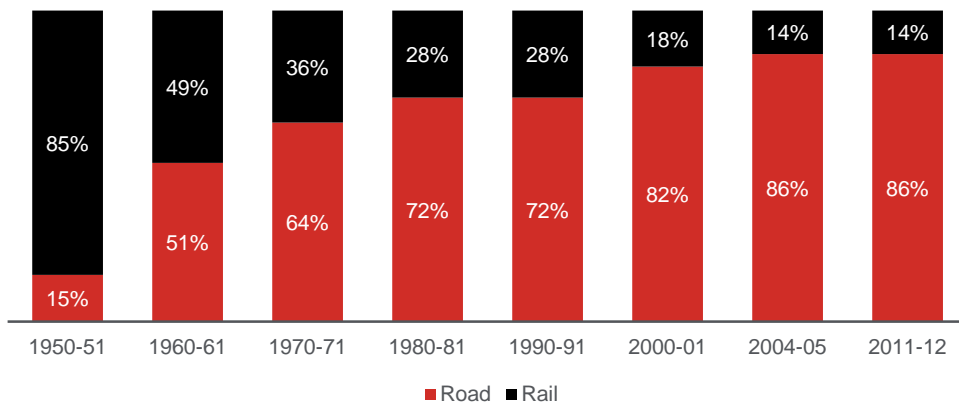


### ... Which is Expected to Increase on Back of Following Indicators

Key Parameters	2016-17P Growth	Key Growth Drivers
Industrial GDP	7.6%	Increasing Rural demand, private consumption demand and improvement in mining activity
Agriculture GDP	4.0%	Normal monsoon expectations
Infrastructure Construction	9 – 11%	Central government's focus on implementation of roads, railways urban infrastructure, and irrigation projects
Industrial Construction	9 – 11%	Automobiles and oil and gas to drive growth in FY17

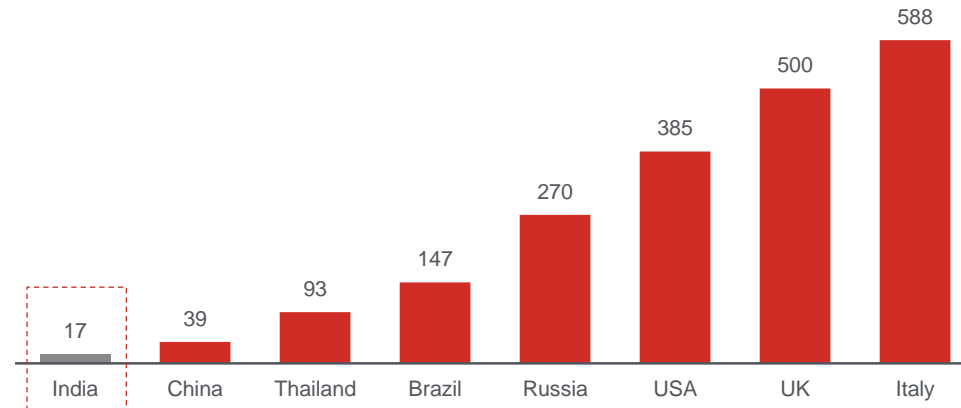
### Passenger Traffic Relies Heavily on Road Network...

Share of Passenger Traffic (%)



### ... High Growth Opportunity from Low Penetration

(number of passenger vehicles per 1,000 population)







**1,994** Total Lane Km  
(Aggregate held through Project SPVs)

**7** Operational Annuity Projects<sup>(1)(3)</sup>

**1** Operational Toll Project<sup>(3)</sup>

**12** Years Average Residual Life<sup>(2)</sup>

**15** Years Average Residual Life  
excluding NKEL<sup>(2)</sup>

### Project SPVs

1

Sikar Bikaner Highway  
Limited

2

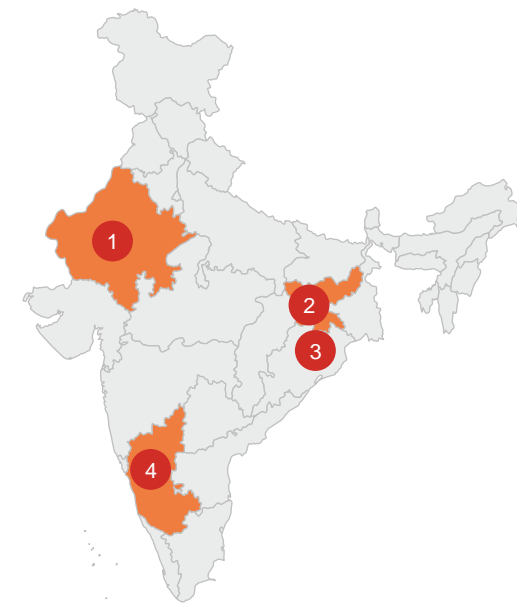
Hazaribagh Ranchi  
Expressway Limited

3

Jharkhand Road Projects  
Implementation Company  
Limited

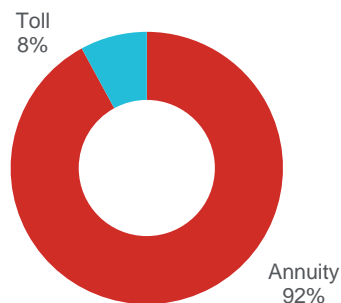
4

North Karnataka  
Expressway Limited



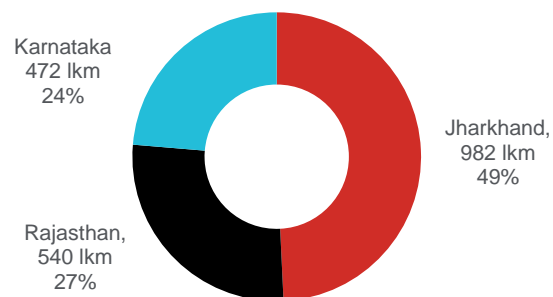
### FY18E Collection from Toll and Annuity

Concession Type



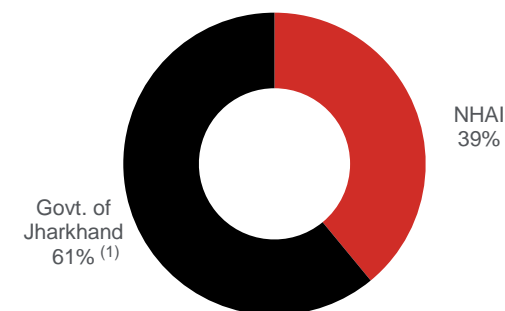
### Geographically Diversified Across States

Location & Lane Km



### Annuity Receipts

FY18E Collections by Concessioneing Authority for Annuity Projects



Source: Prospective Combined Financial Information.

Source: Prospective Combined Financial Information.

(1) JRPICL holds 5 operational projects under it; (2) Weighted average based on lane km as of Sep 30, 2016 not including the extension for SBHL(3) COD achieved, completion pending for CKC (one of the projects under JRPICL) and SBHL,



## Steady Cash Flows from Operational Annuity Assets

- Contracted collections from annuity projects
- Annuity payments spread-out across the year (biannual)

Stable Annuity Collections of INR 5,873mn for FY18E

## Growth from Toll Asset

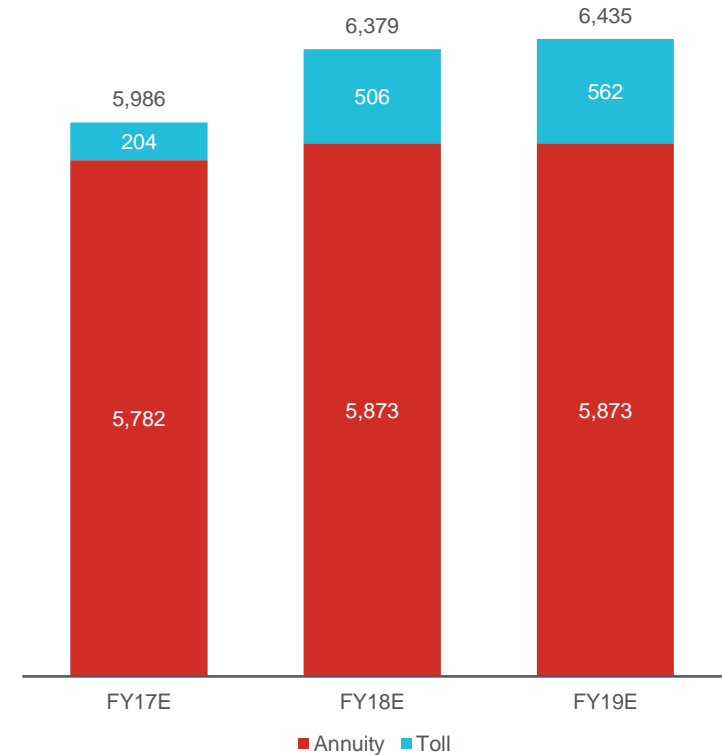
- Increase in road traffic growth backed by research
- Key drivers for increased traffic in India<sup>(1)</sup>:
  - ✓ Increasing industrial GDP
  - ✓ High spend on construction in infrastructure
  - ✓ Increasing passenger traffic for roads as against railways

Increasing Collections from Toll Asset

## Limited Risk With Underwritten Costs

- ✓ All projects are operational and generating revenue<sup>(2)</sup>
- ✓ Low development and construction risk
- ✓ Long term O&M contracts with pre-determined costs until the end of the concession periods

## Annuity & Toll Collections (INR mn)



Source: Prospective Combined Financial Information.

(1) Source: CRISIL Research.

(2) COD achieved, completion pending for CKC (one of the projects under JRPICL) and SBHL.



### Asset Acquisition Strategy

- Investment manager will evaluate opportunities for asset acquisition
- Asset selection criteria includes eligible assets as per InvIT Regulations, terms and duration of concession, impact of acquisition, location, expected cash flows and nature of O&M contracts, among others

### ROFO Details

- ROFO on Sponsor Assets <sup>(2)</sup> for an initial period of 10 years
  - That are operational and revenue generating in terms of the InvIT Regulations
  - That are not transferred to the Investor as part of the initial portfolio
  - In which the Sponsor proposes to divest controlling interest, and in any event, not less than 51% of its shareholding
- Commitment by Sponsor to offer at least one of the ROFO Pipeline Assets by March 31, 2020

### Broad ROFO Construct

- Sponsor to communicate its interest in divesting an asset to the Trust along with requisite information
- If the Trust makes an offer, the Sponsor to communicate its decision within a defined time frame
- If the Sponsor declines the offer, the Sponsor can sell the asset to a third party subject to the equity value being at least 10% higher than the Trust's offer
- If the third party's offer is within the 10% band, then the Trust gets a right of last look

### Market Assets

- InvIT can also evaluate other third party projects, not owned by ITNL, based on the commercial viability of the projects, amongst other things

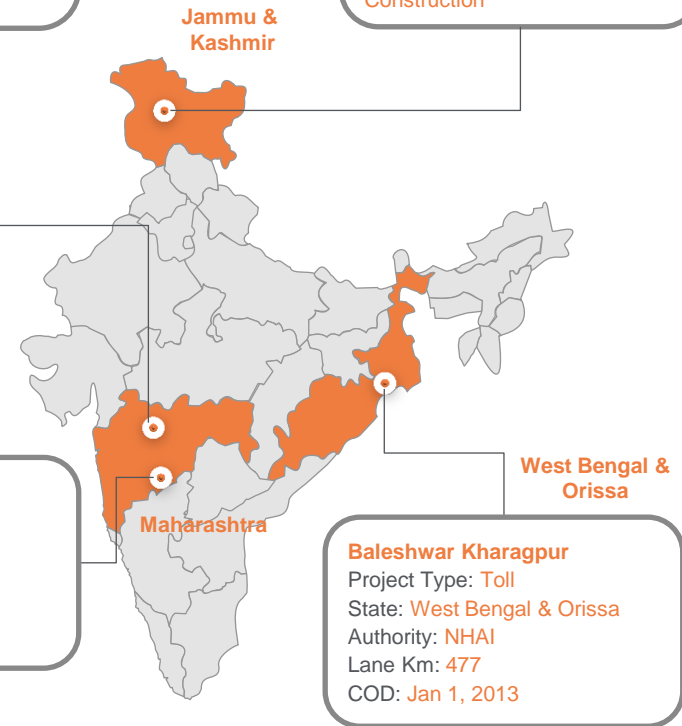
ITNL has a portfolio of 27<sup>(1)</sup> remaining assets across India with 4 assets already being identified upfront as ROFO Pipeline Assets

#### Khed Sinnar

Project Type: Toll  
State: Maharashtra  
Authority: NHAI  
Lane Km: 557  
COD: Pending – Under Construction

#### Chennani - Nashri

Project Type: Annuity  
State: Jammu & Kashmir  
Authority: NHAI  
Lane Km: 38  
COD: Pending – Under Construction



#### Pune Sholapur

Project Type: Toll  
State: Maharashtra  
Authority: NHAI  
Lane Km: 571  
COD: Aug 23, 2013

#### Baleshwar Kharagpur

Project Type: Toll  
State: West Bengal & Orissa  
Authority: NHAI  
Lane Km: 477  
COD: Jan 1, 2013

1 Annuity

3 Toll

1,643 Lane km

(1) ITNL does not have 100% ownership in all of the 27 assets, (2) Eligible Project Assets as defined in the ROFO Deed





### Prudent Capital and Risk Management Strategies



Protect unitholders from dilution of the percentage of the units held by them



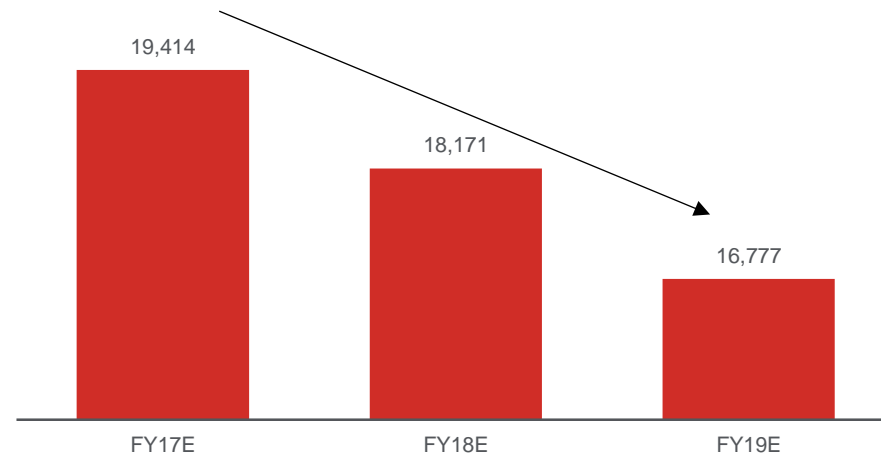
Seek acquisitions to maintain growth



Future debt may be raised from diversified sources ranging from financial institutions to debt capital markets

### Decreasing Leverage<sup>(1)</sup>

(INR mn)



Debt expected to decrease in 3 years from  
**INR 19,414mn** to **INR 16,777mn**,  
 creating room for acquisitions using  
 leverage

Source: Prospective Combined Financial Information.

(1) Total External Debt including Sponsor debt and unpaid interest liability.



## IL&FS Group

Developer

Operator

Sponsor

Arranger

Advisor

One of India's leading infrastructure development and finance group in India with **25+** years of experience

Marquee  
Shareholder  
Base

LIC

ORIX

ADIA

HDFC

Central Bank  
Of IndiaState Bank of  
India

## IL&FS | Transportation

One of India's Leading Road Infrastructure Company...

31

Road Projects

15 State Road Projects  
(State Governments and  
MORTH)<sup>(1)</sup>

22 Operational Road  
Projects

9 Road Projects  
Under Construction /  
Development

14,699 Total Road  
Lane km



### One of India's Leading Road Infrastructure Companies

- One of the established and leading companies in the road infrastructure sector in India
- Presence in other countries through JV



### Strong Project Management Capabilities

- 15+ years of experience in working with various central & state government authorities (incorporated in 2000)
- International Development and O&M experience through Elsamex, subsidiary of ITNL



### Experienced Management

- Management team with experience in developing and managing infrastructure projects



### Diversified Portfolio of Assets

- Varied portfolio of assets across states and mix of annuity and toll concessions
- Large portfolio of assets which could potentially be acquired by the InvIT for future drop downs

... Forming a Strong Support System for the InvIT

Proposed ROFO Arrangement

Project Implementation and  
Management Services

Shared Services

Note: (1) Ministry of Road Transport and Highways.



## IIML Asset Advisors Limited

Subsidiary of IL&FS Investment Managers Limited (“IIML”)

IIML is an experienced investment manager with a track record of managing infrastructure investments

IIML experience spanning **2 decades** and listed on BSE and NSE

Managed long term institutional capital aggregating to **US\$3.2 bn**

Experience across fund cycles: Four of IIML managed funds have been fully divested wide industry experience across a variety of sectors:

Roads

Power

Waste Management

Logistics

### Key Managerial Personnel of IIML Asset Advisor Limited



**Vibhav Kapoor**  
(CEO)

- Associated with the IL&FS Group as its Group CIO
- Previously associated with the Merchant Banking Division of ANZ Grindlays Bank as a proprietary equity portfolio manager
- Year of Experience: 30+



**Sunita Manwani**  
(CFO and Compliance Officer)

- Associated with the Company since January 2007
- Former Head of Finance at DHFL Venture India Private Limited
- Years of Experience: 20+



**Parag Baduni**  
(Chief Investment Officer)

- Participated in 10 infrastructure PE transactions, with experience in Road sector investing
- Over 11 years of Infra PE experience
- Year of Experience: 20+

The IM has a corporate governance framework in relation to the Trust, an experienced board with diversified experience to ensure compliance with all regulations

## IL&FS | Transportation Investment Trust

### Board of Directors



**Sunil Mehta**  
(Chairman,  
Independent  
Director)

- Board Member, SBI
- Former country head and CEO of AIG India
- Over 18 years of work experience in Citibank
- Current MD, SPM Capital Advisors



**Harish Engineer**  
(Independent  
Director)

- Former head of wholesale banking at HDFC Bank
- Former Executive Director of HDFC Bank



**James Leslie Whiteford**  
(Independent  
Director)

- Presently Director of Harkin Management Limited
- Former Chief Financial Officer for TIR (Holdings) Limited
- Former Director of JLW Limited



**Ravi Parthasarthy**  
(Non-Executive  
Director)

- Chairman of IL&FS Group
- Former Executive Director, 20th Century Finance Corporation Limited

### Composition of the Board of Directors

- 50% of the board to comprise of independent directors (currently 75%)
- Directors have relevant India, investment, corporate finance and infrastructure sector experience
- Chairman of the Board is a non-executive Director

### Committees

- Committees in place to ensure compliance with various policies
  - Audit and Conflicts Committee
    - To comprise such number of members constituting at least 50% of the Board of Directors
    - All members of the Audit and Conflicts committee to be independent directors
  - Stakeholders' Relationship Committee: consider and resolve grievances of the unitholders
- Independent valuer to ascertain fair value for prospective acquisition assets
- All related party transactions to be approved by Audit and Conflicts Committee, including investment or divestment decisions



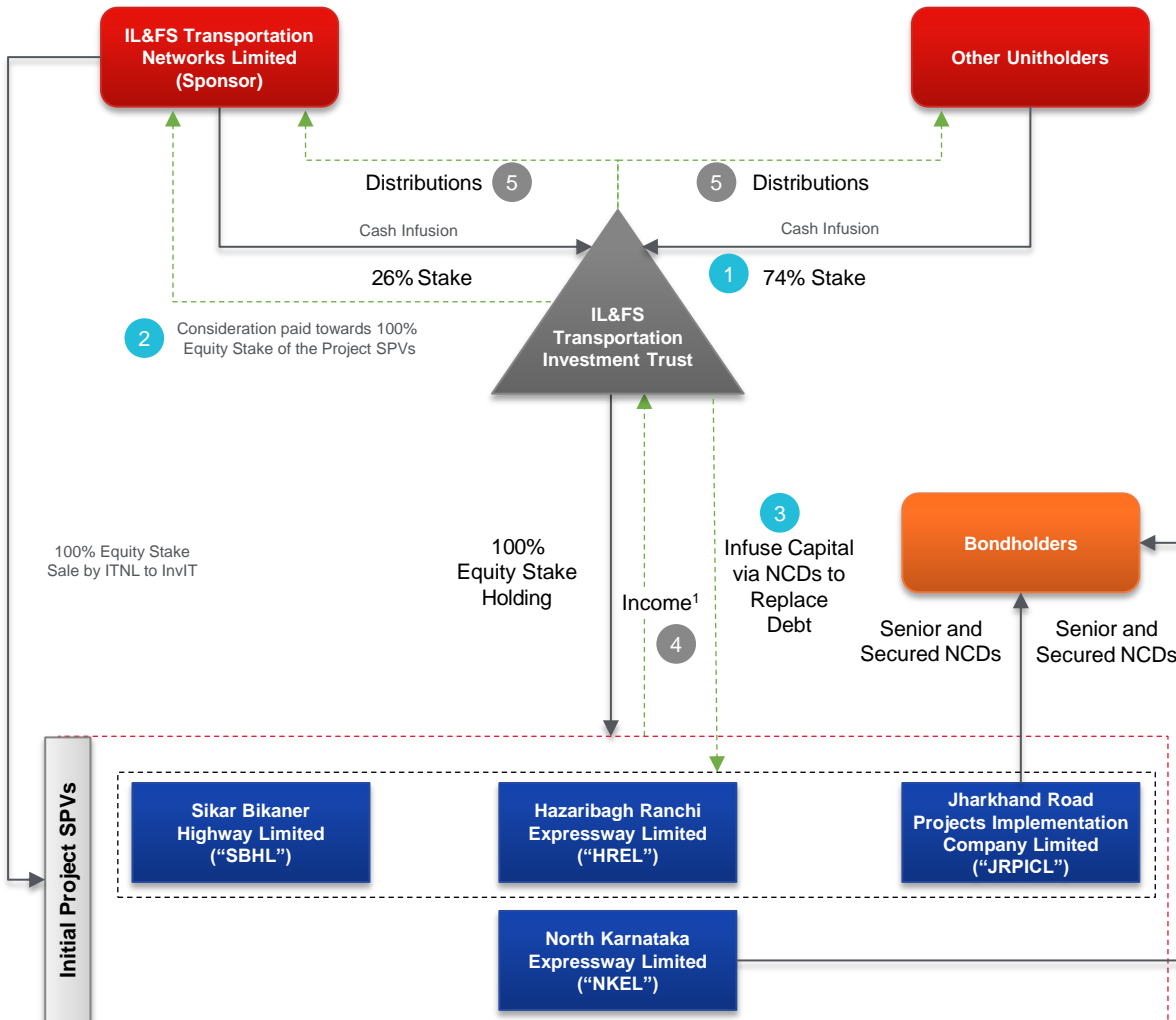


**IL&FS Transportation Networks Limited**



## **4. Summary Financials**

The following structure illustrates the indicative cashflows between the IL&FS Transportation Investment Trust, the Trustee, the Investment Manager, the Project Manager and the Unitholders.



## Indicative Order Key Cash Inflows and Outflows

### Fund Raising Exercise

1. InvIT raises proceeds from investors i.e. unitholders
2. InvIT pays consideration (cash) to Sponsor for equity stake purchase in the project SPVs (Sponsor to retain minimum 26% in the InvIT)
3. InvIT to invest in NCDs in the underlying target assets to replace any existing debt (external and sub-debt)

### Post the Fund Raising Exercise

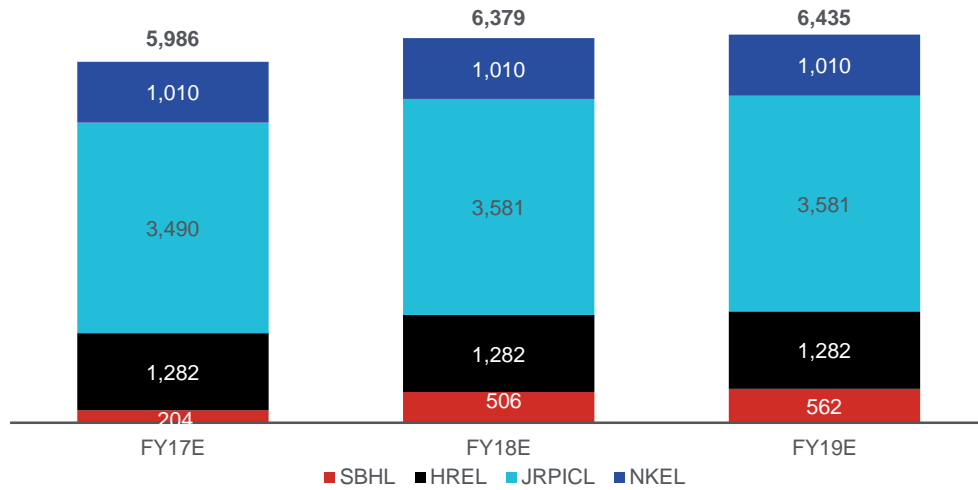
4. Target assets upstream operating cash flows to InvIT in the form of debt service (Principal repayment + Interest)<sup>3</sup> and Dividends; SPVs are also required to distribute at least 90% of net distributable cash flow to InvIT (Subject to Companies Act, 2013)
5. InvIT distributes at least 90% of its net distribution cash flows to the unit holders

1. Income in form of Dividend, Interest on NCDs and Principal Repayment.

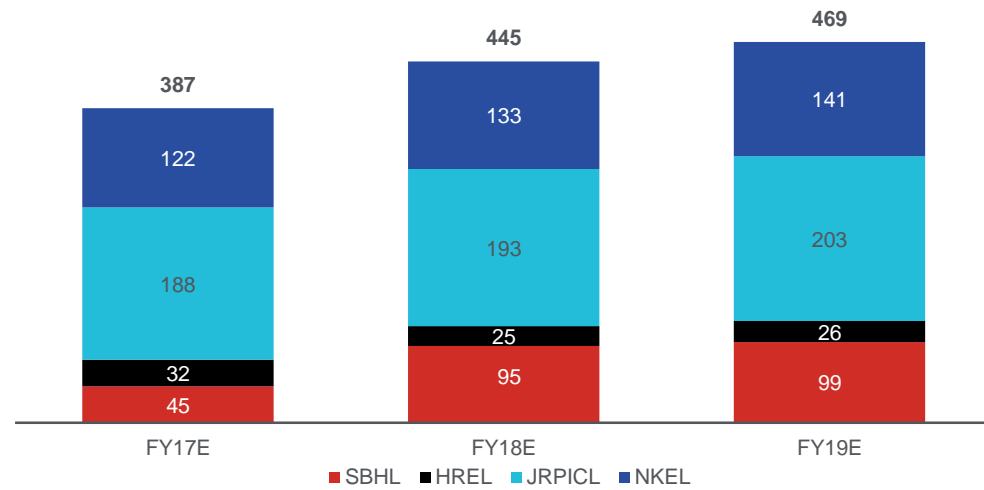
# Combined Financial Projections [To be mapped to the Auditor Projection Report]



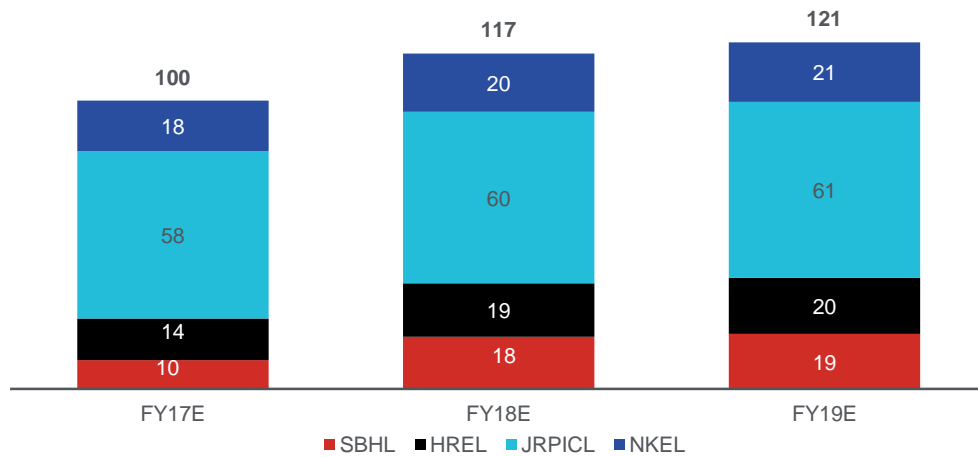
## A. Gross Annuity<sup>(1)</sup> and Toll Collections (INR mn)



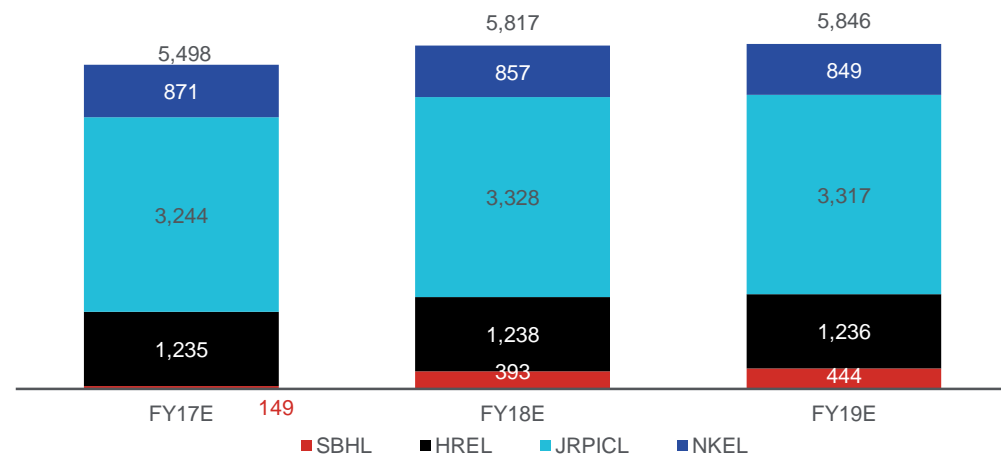
## B. O&M Costs (INR mn)



## C. Admin Costs (INR mn)



## (A – B – C) = Net Collections (INR mn)

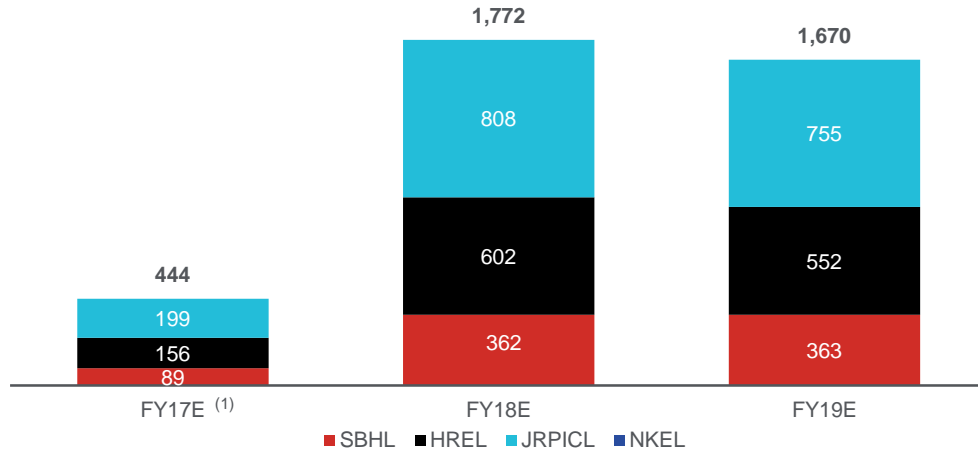


(1) Annuity received is bifurcated between Annuity Income, Major maintenance Income and finance income with the rest being allocated towards recovery of financial asset

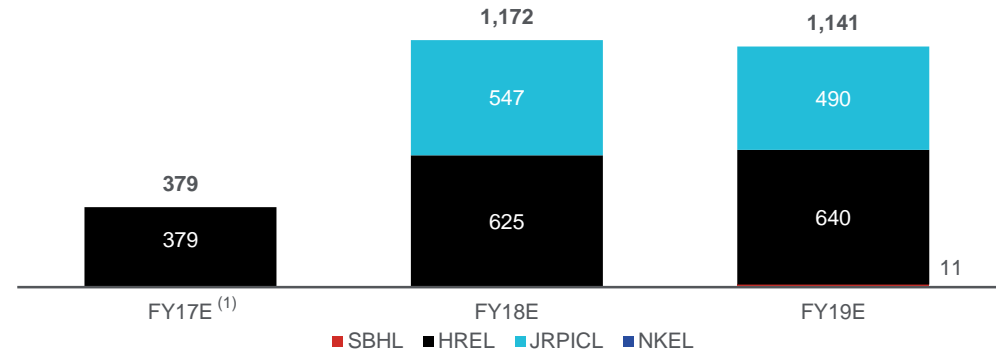


# InvIT Cash Flows

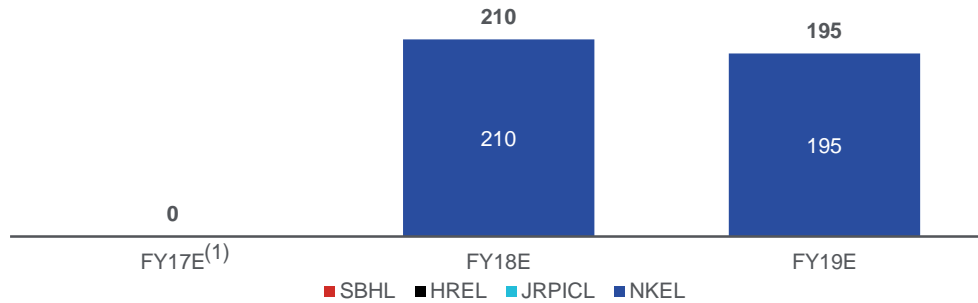
## A. Interest Received from SPVs (INR mn)



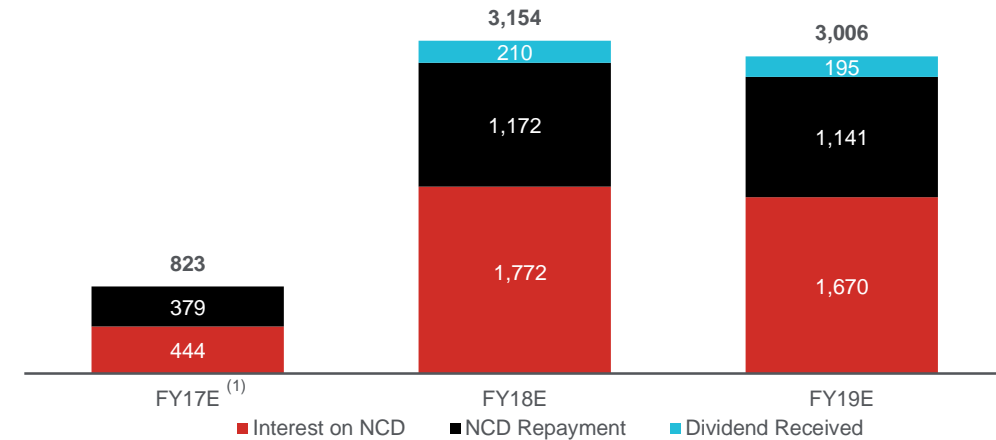
## B. NCD Repayment from SPVs (INR mn)



## C. Dividend Received from SPVs (INR mn)<sup>(2)</sup>



## (A+B+C) = Total Inflow to InvIT (INR mn)



Note: Does not include interest income on fixed deposits.

(1) For Q4 FY2017



# Combined Financials - P&L Summary (IndAS)



	Year Ended	Year Ended	Year Ended	Quarter Ended	Quarter Ended
INR mn	March 31, 2014	March 31, 2015	March 31, 2016	June 30, 2015	June 30, 2016
<b>Revenue from Operations (I + II)</b>	<b>8,736</b>	<b>7,065</b>	<b>5,638</b>	<b>1,501</b>	<b>1,003</b>
(I) Construction Income	5,593	3,687	2,638	668	190
(II) Income From Annuity Assets (a + b + c)					
a. Operation and Maintenance Income	293	352	398	99	104
b. Periodic Maintenance Income		288	11	11	
c. Finance Income	2,850	2,738	2,592	723	709
Other Income	153	190	958	52	50
<b>Total Income</b>	<b>8,889</b>	<b>7,255</b>	<b>6,597</b>	<b>1,553</b>	<b>1,053</b>
<b>Total Expenses</b>	<b>5,478</b>	<b>4,037</b>	<b>2,893</b>	<b>726</b>	<b>294</b>
<b>EBITDA</b>	<b>3,411</b>	<b>3,218</b>	<b>3,704</b>	<b>827</b>	<b>759</b>
Margin (%)	38.4%	44.4%	56.1%	53.3%	72.1%
Finance Costs	4,010	4,269	4,303	1,091	1,046
Loss Before Tax	(599)	(1,051)	(599)	(264)	(286)
Less: Tax Expense	(77)	(208)	75	19	19
<b>Profit / (Loss) for the Year</b>	<b>(522)</b>	<b>(843)</b>	<b>(674)</b>	<b>(283)</b>	<b>(305)</b>

## Attractive Industry Dynamics Driven by Favorable Government Policies

- India is expected to exhibit 7%+ GDP growth over the next few years
- Key drivers in place for infrastructure growth
- Rollout of GST and other policy initiative to bolster future consumption and demand

## Limited Execution and Operational Risk

- Stable cash flows from annuity assets supported by growth from toll asset
- Business model that the IM believes to mitigate construction or development risk
- Pre defined O&M costs

## Ability to Expand Portfolio through the Proposed ROFO Deed with the Sponsor and Third Party Acquisitions

- 1 Annuity and 3 Toll Project SPVs identified spanning a total of 1,643 Lane km
- Sponsor proposal to provide a ROFO for any 51%+ stake divestment
- Utilize debt for future acquisitions to protect unitholders from dilution

## Experienced Management Team

- ITNL operates in the surface transportation infrastructure sector with a portfolio of 31 road projects and managing 14,699 Lane km
- IL&FS Group is one of India's leading infrastructure development and finance group in India with 25+ years of experience
- Robust Corporate Governance framework in place



**IL&FS Transportation Networks Limited**



**Appendix**





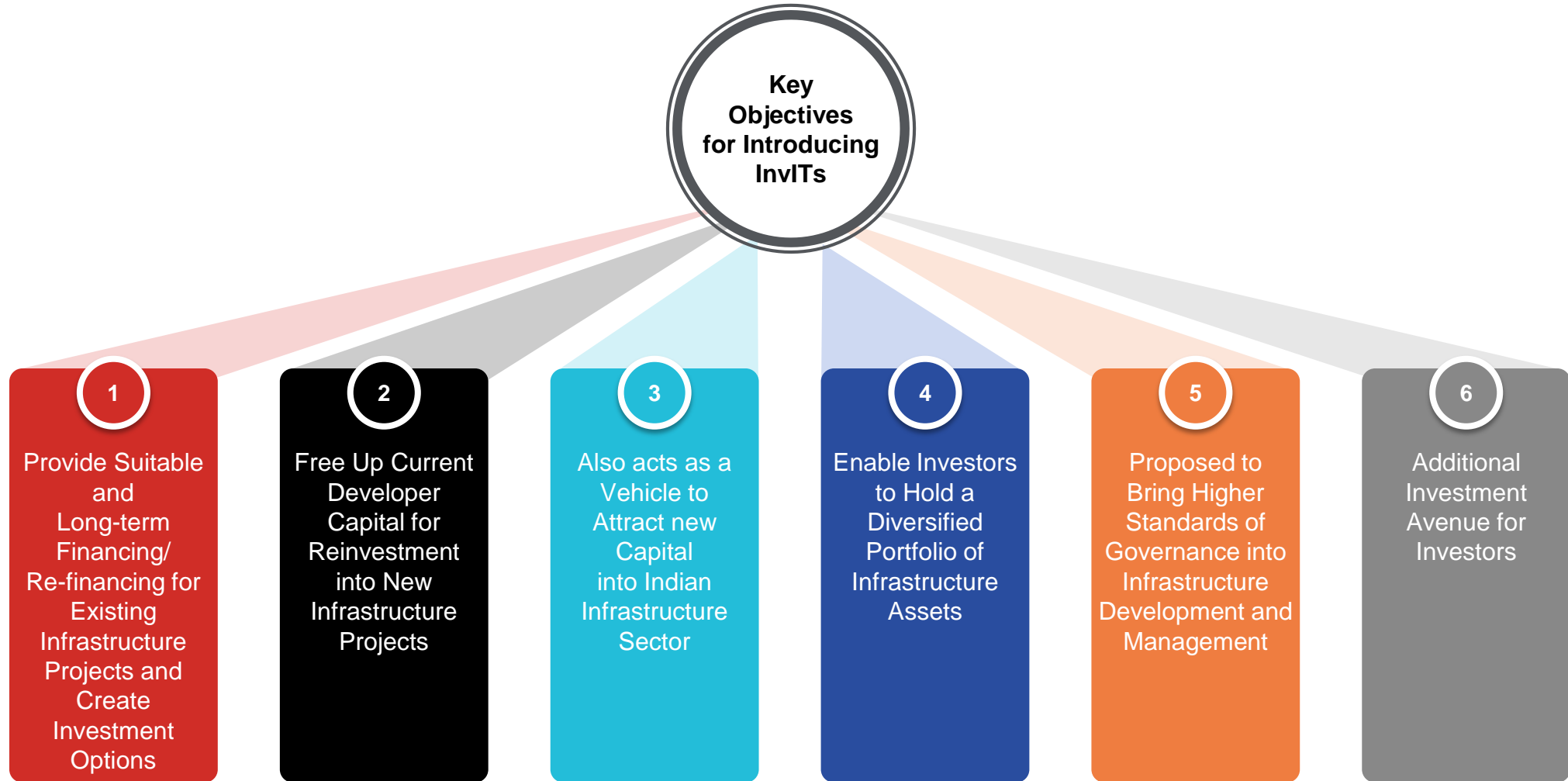
## **A. InvIT Product Overview**





# Infrastructure Investment Trusts (InvITs): Overview

SEBI<sup>1</sup>, on September 26, 2014, released the regulatory framework for Infrastructure Investment Trusts with the objective of encouraging and providing additional financing for investment in the infrastructure sector in India. InvIT is a trust settled pursuant to Indian Trust Act, 1882 and its trust deed is registered under the Registration Act, 1908. The InvIT is registered in accordance with the Securities and Exchange Board of (India Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”), set up to primarily monetize illiquid and stable cash generating infrastructure assets.



(1) Securities and Exchange Board of India.

# InvIT: Key Parties

## Sponsor

- Any company / LLP / body corporate, having a minimum net worth<sup>(1)</sup> of over INR 1,000mn, that sets up the InvIT
- Obligated to transfer its entire shareholding in the SPV or infrastructure projects to the InvIT unless any mandatory holding of shares in the SPV is required in terms of applicable law of government or regulatory authority requirements or concession agreements
- Required to hold at least 15%, or such minimum percentage on a post issue basis as specified in the InvIT Regulations, of the total InvIT units for a period of 3 years from the date of listing of such units

## Trustee (Supervisory Role)

- Holds the InvIT assets in trust for the benefit of the unit holders (under the Trust Deed) and cannot be an associate of the sponsor or investment manager
- Oversees activities of the project manager and the investment manager
- Makes distribution and ensures investment manager makes timely declaration of distribution to unit holders

## Investment Manager (Management)

- Makes investment decisions with respect to the underlying assets/ projects of the InvIT including any further investment or divestment of the assets
- Ensures assets have proper legal title and all material contracts entered into are legal, valid and binding
- In consultation with Trustee, appoints the intermediaries / service providers / agents as applicable
- Makes regular disclosures or reports to Trustee, unit holders, SEBI and the designated stock exchange as required by the InvIT Regulations and applicable law
- Responsible for all the activities pertaining to the issue and listing of units of the InvIT

## Project Manager (Operations / Day to Day Management)

- Undertakes operation and management of the InvIT assets directly or through appointment of specialists
- For under construction projects, oversees the progress of development, approval status and such other aspects
- Discharges obligation so as to achieve timely completion of the infrastructure project

(1) Net tangible assets of value in case of a LLP.



**IL&FS Transportation Networks Limited**



## **B. Historical Financials**



# Financial Information: P&L

	Year Ended	Year Ended	Year Ended	Quarter Ended	Quarter Ended
INR mn	March 31, 2014	March 31, 2015	March 31, 2016	June 30, 2015	June 30, 2016
Revenue from Operations	8,736	7,065	5,638	1,501	1,003
Other Income	153	190	958	52	50
<b>Total Income</b>	<b>8,889</b>	<b>7,255</b>	<b>6,596</b>	<b>1,553</b>	<b>1,053</b>
<b>Expenses</b>					
Construction Costs	5,131	3,370	2,402	602	175
Operating Expenses	277	595	383	102	96
Employee Benefits Expense	5	5	6	1	1
Other Expenses	65	67	102	21	22
<b>EBITDA</b>	<b>3,411</b>	<b>3,218</b>	<b>3,703</b>	<b>827</b>	<b>759</b>
<i>Margin (%)</i>	38.40%	44.40%	56.10%	53.30%	72.60%
Finance Costs	4,010	4,269	4,303	1,091	1,046
Loss Before Tax	(599)	(1,051)	(600)	(264)	(287)
Less: Tax Expense	(77)	(208)	75	19	19
<b>Profit / (Loss) for the Year</b>	<b>(522)</b>	<b>(843)</b>	<b>(675)</b>	<b>(283)</b>	<b>(306)</b>



# Financial Information: Balance Sheet

INR mn	March 31, 2014	March 31, 2015	As at March 31, 2016	June 30, 2016
<b>Equity and Liabilities</b>				
<b>Total Equity</b>	<b>8,321</b>	<b>7,408</b>	<b>6,534</b>	<b>6,050</b>
<b>Liabilities</b>				
Non-current Liabilities				
Financial Liabilities				
Borrowings	29,916	30,793	32,194	32,645
Other Financial Liabilities	238	250	351	357
Deferred Tax Liabilities (Net)	282	–	–	–
<b>Total Non-current Liabilities</b>	<b>30,435</b>	<b>31,043</b>	<b>32,545</b>	<b>33,002</b>
Current Liabilities				
Financial Liabilities				
Borrowings	2,873	5,015	5,375	5,502
Trade Payables	2,888	934	541	280
Other Financial Liabilities	2,033	2,771	2,484	2,514
Current Tax Liabilities (Net)	13	0	0	7
Other Current Liabilities	49	16	9	22
<b>Total Current Liabilities</b>	<b>7,856</b>	<b>8,736</b>	<b>8,408</b>	<b>8,325</b>
<b>Total Liabilities</b>	<b>38,291</b>	<b>39,779</b>	<b>40,953</b>	<b>41,327</b>
<b>Total Equity and Liabilities</b>	<b>46,613</b>	<b>47,187</b>	<b>47,487</b>	<b>47,377</b>
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	1	1	1	1
Intangible Assets Under Development (Under SCA)	3,754	5,517	7,843	7,853
Receivables Against SCA	35,282	33,504	30,453	30,041
Other Financial Assets	2	2	2	2
Current Tax Assets	112	184	228	246
Other Non-Current Assets	576	288	51	37
<b>Total Non-Current Assets</b>	<b>39,727</b>	<b>39,498</b>	<b>38,579</b>	<b>38,181</b>
<b>Current Assets</b>				
Financial Assets				
Trade Receivables	3	3	0	0
Cash And Cash Equivalents	2,050	1,768	1,378	1,925
Restricted Cash	0	249	453	515
Loans to related party	669	682	790	678
Receivables Against SCA	3,490	4,696	4,779	4,584
Other Financial Assets	644	264	1,465	1,447
Other Current Assets	29	27	44	47
<b>Total Current Assets</b>	<b>6,886</b>	<b>7,689</b>	<b>8,908</b>	<b>9,196</b>
<b>Total Assets</b>	<b>46,613</b>	<b>47,187</b>	<b>47,488</b>	<b>47,377</b>



# Financial Information: Cash Flows



	Year Ended	Year Ended	Year Ended	Quarter Ended	Quarter Ended
INR mn	March 31, 2014	March 31, 2015	March 31, 2016	June 30, 2015	June 30, 2016
<b>Cash Flows from Operating Activities</b>					
Profit for the Year	(599)	(1,051)	(599)	(264)	(286)
Adjustments for Interest on Income Tax Refund, Interest on Term Deposits, Finance Costs Recognised in Profit or Loss, Depreciation and Amortisation of Non-current Assets	3,259	3,042	4,110	1,039	995
Movements in Working Capital	(1,107)	(694)	(1,003)	(229)	(31)
<b>Cash Generated from Operations</b>	<b>2,152</b>	<b>2,348</b>	<b>2,508</b>	<b>546</b>	<b>678</b>
Income Taxes Paid	(76)	(159)	(119)	(26)	(30)
<b>Net Cash Generated by Operating Activities</b>	<b>2,077</b>	<b>2,189</b>	<b>2,389</b>	<b>520</b>	<b>647</b>
<b>Net Cash (Used in)/Generated by Investing Activities</b>	<b>(2,341)</b>	<b>(2,936)</b>	<b>479</b>	<b>(180)</b>	<b>461</b>
<b>Net Cash (Used in)/Generated in Financing Activities</b>	<b>1,199</b>	<b>465</b>	<b>(3,257)</b>	<b>(567)</b>	<b>(561)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>936</b>	<b>(283)</b>	<b>(390)</b>	<b>(227)</b>	<b>547</b>
Cash and Cash Equivalents at the Beginning of the Year	1,115	2,050	1,768	1,768	1,378
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>2,051</b>	<b>1,768</b>	<b>1,378</b>	<b>1,541</b>	<b>1,925</b>

# Combined Financial Projections: Cash Flows



INR mn	Projection Year 2017	Projection Year 2018	Projection Year 2019
Revenue from Operations	4,337	4,179	3,578
Other Income	189	174	167
<b>Total Revenue</b>	<b>4,526</b>	<b>4,354</b>	<b>3,745</b>
Operation and Maintenance Expenses	434	1,163	779
Construction Costs	879	-	-
Other Administrative Expenses	140	274	281
Finance Costs	3,850	1,289	1,171
Depreciation and Amortisation	79	165	174
<b>(Loss) / Profit Before Tax</b>	<b>(855)</b>	<b>1,463</b>	<b>1,340</b>
<b>Add:</b> Non-Cash Items: D&A and Major Maintenance & Repair Provision	89	246	267
<b>Less:</b> Interest Income earned on Term Deposits	(189)	(174)	(167)
<b>Add:</b> Finance Costs	3,850	1,289	1,171
<b>Add/Less:</b> Changes in Working Capital #	750	(104)	(207)
Taxes (paid) / refund (net)	7	(25)	(21)
<b>Operating Cash Flows</b>	<b>3,651</b>	<b>2,694</b>	<b>2,382</b>



## **C. Profiles of each of the Project SPVs**



## Description

- SBHL entered into a concession agreement with Public Works Department, Rajasthan to develop and operate the Sikar-Bikaner section of NH-11 via Sikar bypass and Bikaner bypass ending on NH-89 in Rajasthan
- Design Build Finance Operate Transfer (DBFOT) toll model
- SBHL entered into a development agreement with ITNL for the construction of this project
- SBHL entered into an Operation and Maintenance (“O&M”) contract with ITNL which includes routine operations and maintenance, and periodic maintenance
- Shareholding (As of June 30, 2016): ITNL (100%)

## Key Aspects

Project (Lane kms)	540
Concession Type	Toll
Concession Period	25 years <sup>(1)</sup>
Appointed Date	February 18, 2013
Commercial Operation Date	October 10, 2015 <sup>(2)</sup>
Concession End Date	February 17, 2038

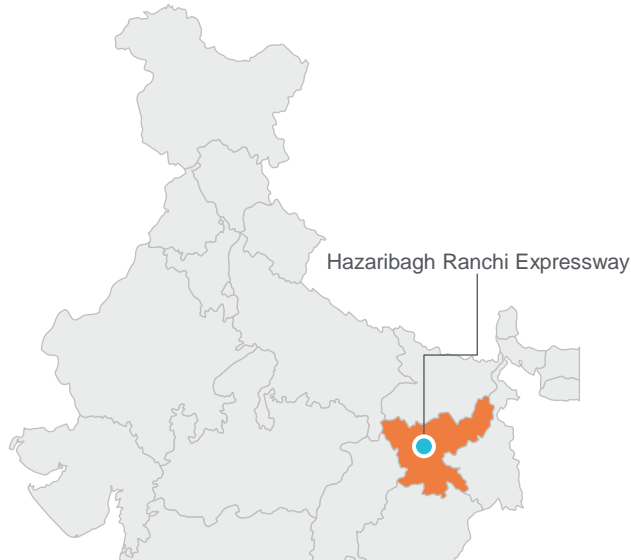


(1) Including construction period (2) Received a provisional completion certificate for completion of 98.8% of the project on August 16, 2016.



## Description

- HREL entered into concession agreement with National Highway Authority of India to design, engineer, procure, construct, develop, finance, operate and maintain the expressway from Hazaribagh to Ranchi of NH-33
- Build Operate Transfer (BOT) annuity model
- HREL entered into a design, programme, management services and O&M contract with ITNL which includes routine operations and maintenance, and periodic maintenance
- Shareholding (As of June 30, 2016): ITNL (99.99%), Punj Lloyd (0.01%)
- HREL is entitled to annuity payment of INR 1,282 mn



## Key Aspects

Project (Lane kms)	319
Concession Type	Annuity
Concession Period	18 years <sup>(1)</sup>
Appointed Date	August 1, 2010
Commercial Operation Date	September 15, 2012
Concession End Date	July 31, 2028

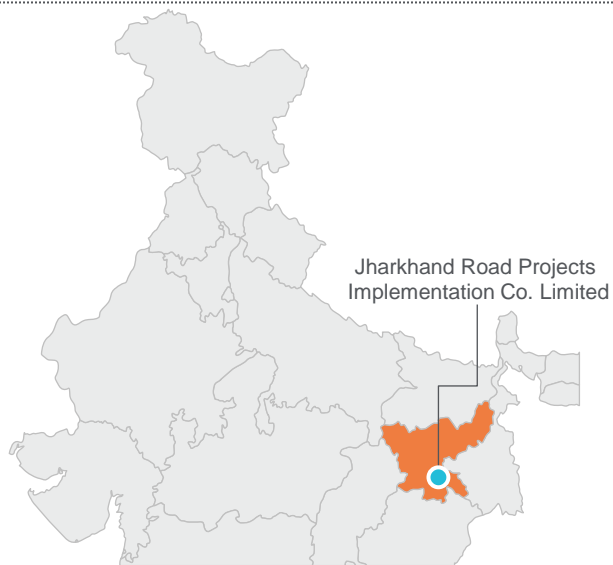
(1) Including construction period.





## Description

- Government of Jharkhand (GoJ) formed an 26:74 joint venture, called Jharkhand Accelerated Road Development Co. Limited (JARDCL), with IL&FS to partner in managing the Jharkhand Accelerated Road Development Programme (JARDP) to improve the secondary road systems in Jharkhand
- JRPICL has entered into five concession agreements with the GoJ and JARDCL to develop and maintain various road stretches in Jharkhand
- Build Operate Transfer (BOT) annuity model
- JRPICL has entered into five programme management services, implementation services, construction supervision services and O&M contracts with ITNL
- Shareholding (As of June 30, 2016): ITNL (93.43%), IL&FS (6.57%)
- JRPICL is entitled to annuity payment of INR 3,581 million



## Key Aspects

	Ranchi-Patratu Dam	Patratu Dam-Ramgarh	Ranchi Ring Road	Chaibasa-Kandra-Chowka	Adityapur-Kandra
<b>Project (Lane kms)</b>	103.7	108.5	217.2	137.4	97.0
<b>Concession Period<sup>(1)</sup></b>	17.5 years	19.05 years	17.5 years	18.02 years	17.75 years
<b>Appointed Date</b>	Apr 13, 2010	Apr 13, 2010	Mar 22, 2010	Nov 27, 2011	Feb 2, 2012
<b>Commercial Operation Date</b>	Oct 12, 2012	Apr 30, 2014	Sep 21, 2012	Nov 30, 2014 <sup>(2)</sup>	Jan 31, 2013
<b>Concession End Date</b>	Oct 12, 2027	Apr 30, 2029	Sep 21, 2027	Nov 30, 2029	Jan 31, 2028

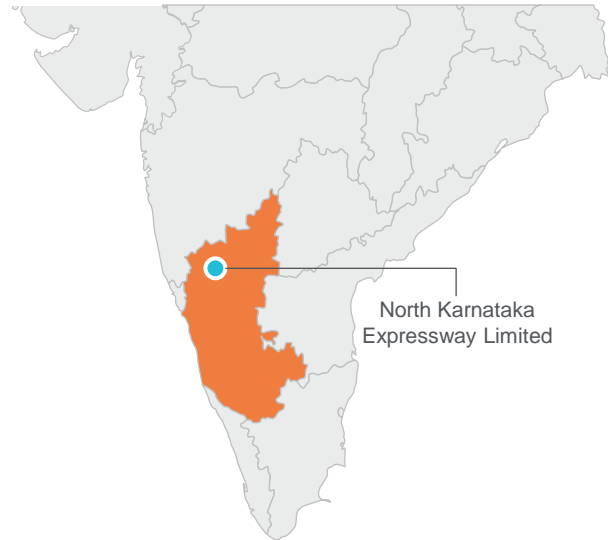
(1) Including construction period

(2) Received a provisional completion certificate for completing 89.9% of the project on November 30, 2014.



## Description

- NKEL entered into a concession agreement with NHAI to develop and operate the Belgaum Maharashtra Border road of NH-04 in the state of Karnataka
- Build Operate Transfer (BOT) annuity model
- Shareholding (As of June 30, 2016): ITNL Road Investment Trust (74%), ITNL (13%), IL&FS (6.5%), and Punj Lloyd (6.5%)
- NKEL is entitled to annuity payment of INR 1,010.30 million



## Key Aspects

Project (Lane kms)	472
Concession Type	Annuity
Concession Period	17.5 years <sup>(1)</sup>
Appointed Date	June 20, 2002
Commercial Operation Date	July 19, 2004
Concession End Date	December 19, 2019

(1) Including construction period.



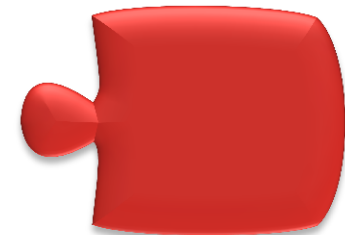
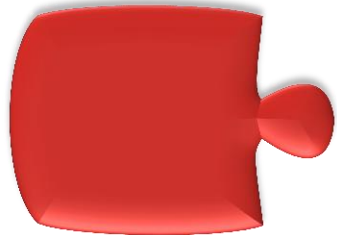
**IL&FS Transportation Networks Limited**



**D. Business Strategy**

IL&FS Transportation Investment Trust is committed to providing sustainable and growing distributions for its investors through active asset management and future asset drop downs through a proposed ROFO mechanism.

## IL&FS Transportation Investment Trust



### Prudent Capital and Risk Management Policies

- Provide sustainable cash flows with growth for unitholders
- Maintain strong balance sheet by optimizing the Trust's capital structure
- Retain flexibility to make future acquisitions without requirement for follow on offerings

### Active Asset Management

- Monitor and oversee performance of SPVs and performance of its vendors and 3<sup>rd</sup> party contractors, if any for smooth operation of roads
- Comprehensive framework of all O&M activities relating to the projects
- Optimizing the long term performance of the projects
- Improving toll collection efficiency
- Incorporate industry best practices in operating and maintaining projects

### Growth from Acquisitions

- Pursue opportunities for acquisitions to continue generating stable cash flows and yields, and opportunities for income and capital growth
- Evaluate opportunities with ITNL, via proposed ROFO arrangement, as well as third party acquisitions