Brickwork Ratings has downgraded the rating of the non-convertible debentures (NCDs) of IL&FS Transportation Networks Limited (ITNL), a road arm of IL&FS group, amounting to Rs 3,550 crore to default rating.

The said NCDs are backed by the debt service reserve account (DSRA) support undertaking from parent Infrastructure Leasing & Financial Services Ltd, the agency noted.

The revision in the rating factors the delays in servicing of debt obligations by ITNL for the rated NCDs. “The rating factors the impaired liquidity profile of ITNL and the group which continues to be under financial stress on account of delay in fund infusion by promoters and sizeable debt repayment obligations in the near term,” the agency noted in a report dated October 5.

In addition, the parent company IL&FS and the other group companies have delayed in servicing of the debt obligations for both long-term and short-term instruments, the agency noted.

It added that the liquidity situation has worsened post the inconclusive shareholder meeting on September 15, where the funding support was envisaged at IL&FS level resulting into the longer than expected time for deleveraging.

Stocks of ITNL lost 9.97 per cent on Friday despite two other listed entities of IL&FS have gained after the newly appointed board said it will take proactive steps to preserve the value of the debt-ridden conglomerate.

ITNL parent IL&FS failed to service principal and interest on loans from banks, inter-corporate deposit and commercial papers totalling $4.6 million due for the period from September, 30 to October, 4, according to company’s regulatory filings. The government has earlier this week stepped in to salvage the debt-ridden giant ousting its board of directors.

The newly-constituted seven-member board of IL&FS which met for the first time last week, said IL&FS had 348 entities within the group, significantly higher than what was disclosed earlier. This could also mean that the group’s debt could be much higher than Rs. 91,000 crore as on March-end 2018.