

## Rating Rationale

GF Toll Road Private Limited

21 April 2017

**Brickwork Ratings reviews the ratings for the Bank Loan Facilities of Rs. 456.26 Cr of GF Toll Road Private Limited**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<b>Fund Based</b>	<b>508.08</b>	<b>456.26</b>	<b>Long Term</b>	BWR BBB-(SO) (Pronounced as BWR Triple B Minus – Structured Obligation) Outlook: Stable	<b>BWR BBB-(SO)</b> (Pronounced as BWR Triple B Minus – Structured Obligation) <b>Outlook: Stable</b> <b>Reaffirmation</b>
<b>Total</b>	<b>508.08</b>	<b>456.26</b>	<b>INR Four Hundred &amp; fifty six Crores and twenty six lakhs only</b>		

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Ratings Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of FY14 – FY16, and publicly available information and information/clarification provided by the company's management.

The rating has factored, *inter alia*, letter of comfort from Reliance Infrastructure Ltd (RInfra) (Rated BWR AA- (Outlook: Stable)) Ltd towards assisting the borrower in arranging funds for meeting its Debt Service Obligations as well as the letter of comfort from RInfra towards meeting the Debt Service Reserve account at the request of GFTPL; marginal improvement has been observed in the toll collection and toll traffic in FY16. BWR also factored company's strong & resourceful promoter group in the form of Reliance Group promoted by Mr. Anil Ambani, continuous support by the parent company Rinfra in the form of funds infusion in the SPV.

The Rating is however, constrained by, weak financials of GFTPL due to lower than expected traffic resulting in insufficient toll collections to service the debt obligations. It is also reserved due to major dependence on the promoters in terms of debt servicing.

Going forward, the company's ability to continuously improvement in toll collections with achievement of profits or break-even point and continuing support from promoters, remain the key rating sensitivities.

### Rating Outlook: Stable

BWR believes the **GF Toll Road Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

GF Toll Road Pvt. Ltd. (GFTRPL) is an SPV of Reliance Infrastructure Ltd (Rated BWR AA-) for 4 Laning of Gurgaon – Faridabad and Ballabgarh – Sohna Roads. Haryana Public Works Department (HPWD) has granted to GFTRPL, a concession for a period of 17 years by way of exclusive right, license and authority in accordance with the terms and conditions contained in the Concession Agreement dated January 31, 2009 entered into between the GFTRPL and HPWD, to implement and operate the Project. The COD had taken place on 29<sup>th</sup> July 2012 and currently it is operational. However, there have been issues with respect to the toll collections on account of the non-payment of toll fees by road users resulting in the actual toll collected being significantly lesser than the anticipated toll collection, though it is improving Y-O-Y. The Board of Directors comprises of 4 directors including 2 independent directors and is ably supported by the management team.

### Company Financial Performance

The company has achieved Rs. 60.41 Cr of net revenue in FY 16, as against Rs. 50.71 Cr of net revenue in FY15, due to improvement in the toll collections supported by increase in toll rates and toll traffic. However, the company had still incurred loss of Rs. 40.37 Cr in FY16. As informed by the management, the toll collection of the company till 9MFY17 had been ~ Rs. 46 Cr.

The total debt increased to Rs. 637.57 Cr in FY16 against Rs. 622.27 Cr in FY15. However the same was on account of increase in loan from parent RInfra from Rs. 99.59 Cr in FY15 to Rs. 144.09 Cr in FY16 and decrease in long term loan from banks. The net worth deteriorated to 42.44 Cr in FY16 from Rs. 82.81 Cr in FY15, due to losses incurred.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount	Rating	22 <sup>nd</sup> April 2016	2015	2014
1	Term Loan	Long Term	Rs. 456.26 Cr	BWR BBB-(SO) (Outlook: Stable)	BWR BBB-(SO) (Outlook: Stable)	NA	NA

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [http://www.brickworkratings.com/download/Criteria-SO\\_Instruments.pdf](http://www.brickworkratings.com/download/Criteria-SO_Instruments.pdf)
- [Approach to Financial Ratios](#)



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

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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