



## Rating Rationale

### AAP Infrastructures Limited

30<sup>th</sup> June 2017

**Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of AAP Infrastructures Limited. ('AAP Infra' or 'the Company').**

#### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating ^	
	Previous	Present		Previous	Present
<b>Fund Based</b>					
<b>Term Loans</b>	<b>16.20</b>	<b>16.20</b>	<b>Long Term</b>	<b>BWR BBB Outlook Stable (Reaffirmed)</b>	<b>BWR D (Downgrade)</b>
<b>Total</b>	<b>Rs. 16.20 Crores (INR Sixteen Crores and Twenty Lakhs Only.)</b>				

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

## Rating Downgraded

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

The account has been classified as a Non Performing Asset (NPA) by the lenders on account of persisting liquidity issues of the company, poor financial condition of its holding company, MBL Infrastructure Limited (MBL) and existing project is temporarily suspended by MP Road Development Corporation Limited due to non-compliance of the terms of the concession agreement. Hence, the rating assigned to the bank loan facilities is downgraded to 'BWR D'.

### About the Company

AAP Infrastructure Ltd. is a 100% Subsidiary of MBL Infrastructures Ltd (Flagship Company of MBL Group). The project comes under Madhya Pradesh Rajya Setu Nirman Nigam Ltd. (MPRSNN) involving development and operation of Seoni – Balaghat - Gondia highway situated in MP state having total length of 114 km. The Company has successfully completed the execution of the BOT project on SH – 26 and SH – 11 which are important constituents of the main trunk route network of Madhya Pradesh. The project road falls in two districts of Madhya Pradesh viz. Seoni (about 45 kms) & Balaghat (about 69 kms) and provides a very important link road connecting NH – 7 at Seoni (Madhya Pradesh) and NH – 6 at Duggipur (near Gondia,



Maharashtra). Phase – I of the project of 28.118 km between Garra–Balaghat-Rajegaon was completed in October 2005 and commercial operations started in April 2006. Phase – II, rest of the project, was completed in February 2008. As per concession agreement, the concession period started from Mar’2002 and will end in Feb’18. Concession Agreement allows for a fixed escalation in toll fees of 7% per annum. A subsidy of Rs. 34.80 Crs had already been provided towards the project from MPRSNN (Madhya Pradesh Rajya Setu Nirman Nigam Ltd.).

### Company Financial Performance

During FY16, on a standalone basis, AAP Infra has achieved operating income of Rs. 22.92 Crs with a profit after tax of Rs. 1.76 Crs. Total TNW & Total Debt/TNW of AAP Infra stood at Rs. 23.67 Crs & 0.87 times, respectively in FY16.

The firm did not submit financial results for the year ended 31st March 2017, despite reminders.

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

Sl. No.	Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	Sept 2016	2015	Oct 2014
1	Term Loans	Long Term	16.20	BWR D	BWR BBB (Stable) (Reaffirmed)	N.A.	BWR BBB (Stable)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

For any other criteria obtain hyperlinks from website

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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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