Rating Rationale

Aryavrat Tollways Private Limited

19 Jan 2018

Brickwork Ratings upgrades the rating for the bank loan facilities of Aryavrat Tollways Private Limited.

Particulars

Facilities	Tenor	Previous Amount (In Rs. Crs)	Present Amount (In Rs. Crs)	Previous Rating	Present Rating
Term Loan	Long Term	70.00	69.35	BWR B+ (Pronounced as BWR Single B Plus) Outlook-Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook-Stable Upgradation
WCDL		7.90	5.00		
Total		77.90	74.35	(INR Seventy Four Crores & Thirty Five Lakhs Only)	

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

Rationale/Description of Key Rating Drivers/ Rating sensitivities:

In revising the rating of **Aryavrat Tollways Private Limited** (ATPL or 'the company'), BWR has taken into account the operational status of the project being achieved, healthy growth in toll collection and technical support from M/s Valecha Engineering Ltd (holing 49% stake in the company). However the ratings continues to be constrained by weak financial risk profile of the company, revenue risk and increasing debt servicing requirements due to ballooning debt amortization schedule.

Key Rating Determinants

Credit Strengths

- Operational status of the project being achieved with 100% toll collection from the vehicles.
- Healthy growth in toll collection in FY17 as against FY16 and for the period April 2017 to November 2017.
- Technical support from M/s Valecha Engineering Ltd.

Credit Weaknesses

- Revenue risk, which is typical in a toll based road project including traffic growth, leakage of toll-paying traffic, and user resistance to pay/accept increase in toll rates.
- Increasing debt servicing requirement due to ballooning debt amortization schedule.
- Weak financial risk profile of the company marked by DSCR of 1.04 times in FY17.

Going forward, growth in toll collection and the company's ability to keep maintenance and operational expenses under check and manage any mismatch in cash flows for repayment of its debt obligations will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Aryavrat Tollways 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 company increases its scale of operations significantly along with improving its profitability margins. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Analytical Approach:

BWR has factored into standalone business and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

About the Company:

Incorporated in 2012, Aryavrat Tollways Private Limited, is a SPV of Aryavrat Project Developers Pvt Ltd & Valecha Engineering Ltd. The SPV was incorporated for Execution and development of Guna-Ashoknagar-Ishagarh road on Build, Operate and Transfer (BOT) on toll plus grant basis allotted by the Madhya Pradesh Road Development Corporation Limited, Government of Madhya Pradesh. The project is operational and the company is collecting 100% toll price from the vehicles.

Company's Financial Performance

Key Financial Parameters	**FY17**	**FY16**
Revenue from operations	Rs. 10.65 Cr	Rs. 9.59 Cr
EBIDTA	Rs. 7.36 Cr	Rs. 2.32 Cr
PAT	Rs. 0.48 Cr	Rs. (-)1.58 Cr
Total Debt	Rs. 78.34 Cr	Rs. 79.14 Cr

The company has achieved total sales of Rs. 14.66 Crs for the period April 2017 to November-2017 and has posted an EBITDA of Rs. 10.38 Crs for the same period.

Rating History for the last three years:

SI. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs. Crs)	Rating	2016	2015	2014
1	Term Loan	Long Term	69.35	BWR BB-/Stable Upgradation	BWR B+/Stable	BWR BB+/Stable	BWR BB+/A4+/ Satble
2	WCDL	Long Term	5.00	BWR BB-/Stable Upgradation			
Total			74.35	(INR Seventy Four Crores & Thirty Five Lakhs Only)			

NA: Not Available
Status of non-cooperation with previous CRA (if applicable): Reason and comments: Not Applicable
Any other information: NIL

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Infrastructure Sector

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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 Investors queries can be sent to 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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