

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' for the Bank Loan facilities aggregating ₹ 71.01 Cr of Aryavrat Tollways Private Limited.

Brickwork Ratings assigns the following **Rating¹** for the Bank Loan Facilities of Aryavrat Tollways Private Limited (*ATPL or the 'Company'*) sanctioned by consortium of *State Bank of India and IIFCL*:

Facility*	Limit (₹ Cr)	Tenure	Rating
Fund Based Term Loan	65.75	Long Term	BWR BB+ (BWR Double B Plus) (Outlook:Stable)
Non Fund Based Bank Guarantee	5.26		
Total	71.01	(INR Seventy One Crores & One Lakh only)	

*Details of facilities are shown in Annexure-I

The rating considers, inter alia, factors such as project execution-related risks viz, obtaining viability gap funding for the project in a timely manner, revenue risks associated with toll-based projects and first time entry of Aryavrat Projects & Developers Pvt Ltd (APDPL) into the road construction projects. The rating, however, favorably takes into account the technical expertise of Valecha Engineering Ltd (VEL), financial closure achieved for the project, availability of substantial Right of Way (RoW) and track record of the sub-contractors in executing Engineering, Procurement & Construction projects with Madhya Pradesh Road Development Corporation Limited (MPRDC).

BWR has essentially relied upon the projected financials of ATPL from FY15 to FY29, Techno Economic Viability study, toll revenue report and clarifications provided by the Company.

Background:

M/s Aryavrat Tollways Private Limited was formed in October, 2012 in New Delhi as a special purpose vehicle (SPV) between M/s Aryavrat Projects Developers Pvt Ltd (49%) and M/s Valecha Engineering Ltd (49%). It was formed to execute and develop Guna-Ashoknagar-Ishagarh road on Build, Operate and Transfer (BOT) on toll plus grant basis allotted by MPRDC.

As per the concession agreement signed between MPRDC and ATPL on November 5, 2012, the concession period is 25 years (including construction period of 730 days) from the

¹ Please refer to www.brickworkratings.com for definition of the Ratings

appointed date, i.e., August 30, 2013. Rs.21.02 Cr, out of the total grant of Rs. 36.75 Cr, are proposed to be released during construction period and the balance Rs. 15.73 Cr during the Toll collection period in equal disbursements spread over a period of 5 years starting from COD. The project is taken up by the SPV with technical inputs from VEL and under management control of APDPL. Mr. Deepak Arora and Mr. Alok Arora are the directors of the Company. Mr. Rajesh Thakur is the nominee director of Valecha Engineering Ltd with a shareholding of 2% in the Company.

Guna-Ashoknagar-Ishagarh road lies in the Guna & Ashoknagar districts of Madhya Pradesh, having a total length of 76.15 km. The project was floated under Public Private Partnership scheme by MPRDC. Under this project, the existing carriageway is to be widened to two lane undivided carriageway width of 7m and with 2.5 m wide granular shoulder in rural and 1.5m paved shoulder in built-up area on either side of the project road. There are no complex structures in the entire stretch of the road. The project is taken up with a total cost of Rs.114.97 Cr and is being financed through term debt of Rs. 65.75 Cr, promoter contribution of Rs. 28.20 Cr and non-refundable grant from Central government of Rs.21.02 Cr. The COD of the project, as expected by ATPL, is November 30, 2014.

The Company, as on January 31, 2014, has brought in 100% of the promoter contribution into the project and also the first instalment of Rs.20 Cr was made by the consortium. The Company has currently obtained all the major permissions required for the project.

Bank Facilities

Aryavrat Tollways Private Limited has availed term loan of Rs. 65.75 Cr from consortium of State Bank of India and IIFCL. The Company has also taken a project Bank Guarantee of Rs.5.26 Crs from State Bank of India.

Financial Performance:

The Company is expected to start its toll collections from December 2014. It is expected to achieve a total toll income of Rs.2.99 Cr and profit after tax of Rs.0.89 Cr for FY15. The Company also expects an increase in toll collections subsequently due to increase in toll charges as they are linked to WPI. Its major expenses are in the form of maintenance and other repair works, which are expected to increase y-o-y.

The project is taken up with a gearing ratio of 1.34. The promoter funding has come into the Company in the form of Share capital of Rs.0.1 Cr, Preference share capital of Rs.23.85 Cr and unsecured loans of Rs.4.25 Cr.

The Company expects the grant of Rs. 21.02 Cr to come by March 31, 2014, as ATPL has satisfied all the covenants required for the release of the viability gap funding.

Rating Outlook:

The ability of the Company to complete the project within the envisaged cost & time, arranging alternative sources of funds in case of any delay in the release of grant, achieve the projected toll revenues and maintain operational efficiencies would be the key rating sensitivities.

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M/s. Aryavrat Tollways Private Limited

Annexure-I

Name of Lender	Facility (₹ Cr)	
	Term Loan	Bank Guarantee
State Bank of India	47.00	5.26
IIFCL	18.75	
Subtotal	65.75	5.26
Total	71.01	