

Press Release

Sidhi Singrauli Road Project Ltd

December 26, 2018

Rating Downgraded



Total Bank Facilities Rated*	Rs. 584.06 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE BB- /Stable)

* Refer Annexure for details

Rating Rationale

Acuite has downgraded long-term rating to '**ACUITE D**' (read as **ACUITE D**) from **ACUITE BB-** (read as **ACUITE double B minus**) to the Rs. 584.06 crore bank facilities of Sidhi Singrauli Road Project Ltd (SSRPL).

The downgrade is in view of delays in debt servicing.

SSRPL is a special purpose vehicle (SPV) promoted by sponsor, Gammon Infrastructure Projects Limited. The company was established to upgrade the existing Sidhi-Singrauli highway in Madhya Pradesh from Km 83/4 to Km 195/8 on NH-75-E stretch to a four lane dual configuration. The project road runs on the Sidhi Singrauli section thereby covering a length of ~ 102.60 km. The toll collection project has been awarded by Madhya Pradesh Road Development Corporation Limited (MPRDCL) on Build, Operate and Transfer (BOT) basis for a concessional period of 30 years including a construction period of two years.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of SSRPL to arrive at the rating.

Key Rating Drivers

Strengths

- Experienced promoters**

SSRPL is a Special Purpose Vehicle promoted by Gammon Infrastructure Projects Limited (GIPL). GIPL has a proven track record of executing large sized BOT road projects, ports and power projects. GIPL has a portfolio of 14 projects of which four are operational, six are under development and four pre-development projects. GIPL executes EPC contracts for all such projects and is also responsible for its Operations and Maintenance (O&M). The promoters, in the past, have demonstrated support operationally as well as financially to their projects.

Weaknesses

- Delays in servicing debt obligations**

There has been delays in the repayment of the term loan due to delay in COD of project.

- Susceptibility of revenues to volatility in the traffic movements**

The cash flows of toll based projects depend on traffic volumes which in turn are largely influenced by the level of economic activity in and around the area of operation. SSRPL's toll collection margins will be linked to the growth in traffic volume in the respective road corridors. Additionally, lower than expected traffic volumes arising from adverse events such as demonetisation and public agitations may also impact cash flows causing cash flow mismatches.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	142.94	180.53	286.08
EBITDA	Rs. Cr.	(0.27)	1.72	2.81
PAT	Rs. Cr.	(0.28)	1.05	2.73
EBITDA Margin	(%)	(0.19)	0.95	0.98
PAT Margin	(%)	(0.19)	0.58	0.95
ROCE	(%)	(0.04)	0.28	0.67
Total Debt/Tangible Net Worth	Times	2.05	1.90	1.23
PBDIT/Interest	Times	(93.34)	12.54	54.13
Total Debt/PBDIT	Times	(1,839.18)	263.38	103.82
Gross Current Assets (Days)	Days	22	18	7

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
Jan 02, 2018	Term Loan	Long Term	584.06	ACUITE BB-/Stable (Reaffirmed)
Sept 22, 2016	Term Loan	Long Term	584.06	ACUITE BB-/Stable (Reaffirmed)
Jun 03, 2015	Term Loan	Long Term	584.06	ACUITE BB-/Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Term Loan	Not Applicable	Not Applicable	Not Applicable	584.06	ACUITE D (Downgraded from ACUITE BB-)

Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuute.in</p> <p>Aishwarya Phalke Analyst - Rating Operations Tel: 022-49294054 aishwarya.phalke@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuute.in</p>

About Acuité Ratings & Research:

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