

October 13, 2014

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF BHILWARA JAIPUR TOLL ROAD PVT LTD

Ratings

Facilities	Amount (Rs.cr)	Ratings ¹	Remarks
Long-term Bank facilities	262.79 (enhanced from Rs.206 crore)	CARE A- (SO) [Single A Minus (Structured Obligation)]	Reaffirmed
Total Facilities@	262.79		

@ backed by unconditional and irrevocable corporate guarantee from Om Metals Infraprojects Ltd (OMIL)

Rating Rationale

The rating of the bank facilities of Bhilwara Jaipur Toll Road Pvt Ltd (BJTPL) is based on the credit enhancement in the form of unconditional and irrevocable corporate guarantee from Om Metals Infraprojects Ltd (OMIL, rated CARE A- and CARE A2+).

The ratings of OMIL continue to derive strength from the experience of its promoters and the company's strong market position in the EPC of hydro mechanical projects. The ratings also derives comfort from OMIL's established track record in project execution, its sizeable order book position and healthy financial risk profile characterized by healthy profitability and low overall gearing.

The ratings however continue to remain constrained by the moderate scale of operations with project execution risk associated with the hydro power and civil projects, high exposure towards group companies and the working capital intensive nature of business operations.

Going forward, timely execution of the order book with control over the operating cycle and the extent of exposure towards its group companies shall remain the key rating sensitivities.

Background of BJTPL

Bhilwara Jaipur Toll Road Pvt Ltd (BJTPL) is a Special Purpose Vehicle (SPV) promoted by SPML Infra Ltd (SIL, holding 51% stake) and Om Metals Infraprojects Ltd (OMIL holding 49% stake). BJTPL is currently implementing the two-laning of the 212 Km Jaipur Bhilwara Section of State Highway (SH)-12 on a Design, Build, Finance, Operate, Transfer (DBFOT) basis. It is a toll-based road project awarded by Public Works Department (PWD), Government of Rajasthan. The total project cost is Rs.410.64 crore (revised from Rs.322 crore) which is to be financed by a debt of Rs.262.79 crore (increased from Rs.206 crore), equity of Rs.103.85 crore and capital grant of Rs.44 crore. The concession period is for 22 years from the appointed date of February 2012. The company shall also receive state government grant of Rs.88 crore of which Rs.44 crore will be towards the construction of the project while balance Rs.44 crore will be for maintenance of the project. The Engineering, Procurement and Construction (EPC) contractor for the project is OMIL.

About Guarantor- OMIL

¹Complete definitions of the ratings assigned are available at www.careratings.com and other CARE Publications

Om Metals Infraprojects Ltd (OMIL), incorporated in December 1971, is the flagship company of the Om Kothari Group, which is engaged in diversified activities including turnkey solution for hydro mechanical equipments for hydro power & irrigation projects, real estate development and civil construction. OMIL has its main fabrication unit for hydro mechanical division in Kota, Rajasthan. OMIL's total fabrication capacity is 15,000 Metric Tonnes Per Annum (MTPA). It has executed more than 55 hydro-mechanical contracts for hydro-power & irrigation projects across India and other countries mainly for government companies like NHPC, NEEPCO, NTPC, etc. Apart from turnkey engineering solutions in hydro mechanical space, OMIL also operates a revolving restaurant-cum-hotel, Om Towers, in Jaipur and a multiplex in Kota, Rajasthan. OMIL reported a total operating income of Rs.339.16 crore during FY14 (refers to the period April 01 to March 31) with a PBILDT and PAT of Rs.64.50 crore and Rs.38.26 crore, respectively. During Q1FY15[refers to the period April 1 to June 30]provisional results, OMIL has reported a total operating income of Rs.100.98 crore with a PBILDT of Rs.11.19 crore and a PAT of Rs.5.88crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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