

DECEMBER 15, 2016

**CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF  
 KHALGHAT SENDHWA TOLLWAYS PRIVATE LIMITED**
**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities-Senior Debt	482.85 [Reduced from Rs.502.67crore]	<b>CARE A-;Outlook Stable (A Minus; Stable)</b>	Reaffirmed
Long term Bank Facilities-Subordinate Debt	15.00	<b>CARE BBB+;Outlook Stable (Triple B Plus; Stable)</b>	Reaffirmed
Long term Bank Facilities-Overdraft	33.86 [Reduced from Rs.35 crore]	<b>CARE A-;Outlook Stable (A Minus; Stable)</b>	Reaffirmed
<b>Total Facilities</b>	<b>531.71 (Rupees Five Hundred and thirty one Crore and seventy lacs only)</b>		

**Rating Rationale**

The ratings of Khalghat Sendhwa Tollways Private Limited (KSTPL) continue to derive strength from strong and experienced promoters of KSTPL and satisfactory operations of the project for more than five years. The ratings also take into account the consistent increase in toll revenue of the company over the past three years along with healthy m-o-m increase in traffic volume during FY16 (refers to the period ( April 01 to March 31).

Further, the ratings also factor in the sponsor support of Uniquet Infraventures Private Limited (UIPL) (CARE AA-/CARE A1+) in the form of bank guarantees for Debt Service Reserve Account (DSRA) and Major Maintenance Reserve Account (MMRA). The commercial importance of the stretch and favorable traffic mix lends further comfort to the rating.

The ratings continue to remain constrained by the traffic risk associated with a toll-based project and toll rate being linked to wholesale price index and absence of fixed price major maintenance contract. The ratings are also constrained by the significant dependence on commercial vehicle traffic leading to higher susceptibility of revenues to the economic downturns.

Going forward, the ability of the company to achieve envisaged traffic volume and toll revenue and effective cash flow management with respect to major maintenance activity shall be the key rating sensitivities.

**Background**

Khalghat Sendhwa Tollways Pvt. Ltd. (erstwhile SEW Navayuga Barwani Tollways Pvt. Ltd.), a Special Purpose Vehicle (SPV) was initially promoted by SEW Infrastructure Ltd. (SEW) and Navayuga Engineering Company Limited (NECL) – [rated CARE BBB+/CARE A2] to undertake four laning of Khalghat to Madhya Pradesh/Maharashtra border section of NH-3 from Km. 84.70 to Km. 167.50 under NHDP Phase IIIA on BOT toll basis.

In June 2016, Uniquet Infra Ventures Pvt. Ltd [UIPL, rated CARE AA-/CARE A1+] acquired 100% stake in KSTPL. The shareholding of UIPL was subsequently increased to 100% in June 2016. The Concession Agreement (CA) was executed between KSTPL and the National Highways Authority of India (NHAI) on April 16, 2008 for a concession period of 18 years. The project had achieved COD on April 4, 2011 and is operating satisfactorily for the past four years.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

The company reported PBILDT and net loss of Rs.50 crore and Rs.48.62 crore respectively on a total operating income of Rs. 111.08 crore during FY16. During H1FY17 (refers to the period April 1 to Sept 30), the company reported PBILDT and net loss of Rs.35.36 crore and Rs. 11.97 crore respectively on a total operating income of Rs.55.25 crore

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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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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CIN - L67190MH1993PLC071691