

OCTOBER 09, 2015

**CARE REVISES THE RATINGS ASSIGNED TO BANK FACILITIES OF
MADHAV (PHOOLSAGAR NIWAS SHAHPURA CORRIDOR) HIGHWAYS PRIVATE LIMITED**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	99.08	CARE A- (Single A Minus)	Revised from CARE BBB (SO)* [Triple B (Structured Obligation)]
Long-term / Short-term Bank Facilities	7.75	CARE A- / CARE A2+ (Single A Minus / A Two Plus)	Revised from CARE BBB (SO) / CARE A3+ (SO)* [Triple B (Structured Obligation) / A Three Plus (Structured Obligation)]
Total	106.83 (Rupees One Hundred Six crore and Eighty Three Lakh only)		

**backed by joint and several, unconditional and irrevocable corporate guarantee extended by WAA Solar Pvt Ltd.*

Rating Rationale

The revision in the ratings take into account the standalone credit strength of Madhav (Phoolsagar Niwas Shahpura Corridor) Highways Private Limited (MPHPL) characterized by completion of project and achievement of provisional commercial operation date (COD) more than six months ahead of scheduled COD, assured cash flow in form of annuity receivable from Madhya Pradesh Road Development Corporation [MPRDC; undertaking of Government of Madhya Pradesh (GoMP); rated 'CARE A (Is)'] and operational track record of 7 months coupled with receipt of first annuity along with eligible bonus annuity for early completion of the project.

The ratings also consider moderate project leverage, healthy debt coverage indicators and established track record of the sponsor in the construction sector.

The rating, however, is constrained on account of inherent operations & maintenance (O&M) and interest rate risks associated with the road project.

Change in the credit profile of the annuity provider – MPRDC, significant variation in the O&M cost as well as interest cost, thereby adversely affecting the debt coverage indicators and occurrence of force majeure events are the key rating sensitivities.

Background

Incorporated in March 2013, Madhav (Phoolsagar Niwas Shahpura Corridor) Highways Private Limited (MPHPL) is a Special Purpose Vehicle (SPV) owned jointly by WAA Solar Private Limited (WSPL; rated CARE BBB+ / CARE A2⁺ revised from CARE BBB / CARE A3+, 49% stake), M.S. Khurana Engineering Limited (MSKEL, 26% stake) and MSK Infrastructure Private Limited (MSKIPL, 25% stake).

MPHPL has entered into a 15-year Concession Agreement with MPRDC for the Design, Build, Finance, Operate and Transfer (DBFOT) of 83.70 km road project in Madhya Pradesh on Annuity basis.

The scope of the project consisted of intermediate-laning / two-laning of Phoolsagar-Niwas-Shahpura, Major District Road (MDR) under the MDR's Package-VII in the state of Madhya Pradesh. The project was completed within envisaged cost parameters well ahead of schedule. MPHPL's appointed date was September 3, 2013 and the SCOD was September 4, 2015. However, the project was completed on February 18, 2015, more than 6-months ahead of schedule. The total cost of the project was Rs.140 crore and was funded in debt:equity ratio of 2.33 times.

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

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****For detailed Rationale Report and subscription information, please contact us at 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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