

Thrissur Expressway Limited

December 11, 2018

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	505.18	CARE D; ISSUER NOT COOPERATING*	Based on best available information
Total	505.18 (Rs. Five hundred and five crore and eighteen lakhs only)		

*Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Thrissur Expressway Limited (TEL) to monitor the rating vide e-mail communications dated 4th June 2018, 12th June 2018, 6th July 2018, 23rd July 2018, 30th July 2018, 3rd August 2018, 5th September 2018, 21st September 2018, 9th October 2018 and numerous phone calls. However, despite our repeated requests, Thrissur Expressway Limited has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Thrissur Expressway Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account delay in debt servicing owing to delay in project execution.

Detailed description of the key rating drivers
Key rating weakness

Delays in meeting the debt obligations due to delay in the project execution: There have been delays meeting debt obligations primarily due to delay in the execution of project on account of delay in land acquisition.

Key rating strengths

Established track record of the group and sponsors as a developer of various BOT-based roads: KMC Constructions Limited (KMCL) of the KMC group is an integrated construction, infrastructure development and management company headquartered in Hyderabad, India. The company is engaged in the business of construction and development of road projects. The group has more than four decades of track record in building large infrastructure projects in road sector and execution track record of more than 15,000 km of road. China Railway 18th Bureau (Group) Co., Ltd (CR18G) is one the largest enterprises in the construction industry globally. It has executed EPC contracts and managed infrastructure assets across the world. For TEL, CR18G is a technical partner to KMC and is not involved in obtaining sponsor undertakings. KMCL and KMCL together are the sponsors for TEL.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Rating methodology-Toll Road Projects](#)

[Financial ratios – Non-Financial Sector](#)

About the company

Incorporated on April 08, 2009, Thrissur Expressway Ltd (TEL) is an Special Purpose Vehicle [SPV, (incorporated as Thrissur Expressway Private Limited and subsequently changed to public limited company)] for the purpose of 6-laning of the

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

*Issuer did not cooperate; Based on best available information

Vadakancherry-Thrissur section of NH-47 design change from km 236.135 to km 264.490 km (28.355 km length) in the state of Kerala on Design-Build-Finance-Operate (DBFO) basis, under the Concession Agreement (CA) from NHA.

NHA has selected the consortium of KMC Constructions Limited and China Railway 18th Bureau Group Corporation Limited (CR18G) based on their bid for a positive grant of Rs.243.99 crore to execute the project in the shareholding ratio of 74:26 as the SPV for implementing the project. Subsequently, KMC Group increased its stake in the project and also transferred its share to its wholly owned subsidiary and road holding company viz. KMC Infratech Limited (KMCIL). Currently, KMCIL hold around 90% equity stake in TEL and CR18G holds the balance 10%.

At the end of September 2017, TEL has achieved financial progress of 89.69% (against 100% targeted by end of September 2017) and cumulative physical progress achieved at the end of September is 87.64% (against 100% targeted at the end of September 2017).

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	409.90	179.54
PBILDT	0.00	0.00
PAT	0.00	0.00
Overall gearing (times)	58.21	55.67
Interest coverage (times)	NM	NM

A: Audited; NM: Not Meaningful

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: 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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March 2029	505.18	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	505.18	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (26-Oct-17) 2)CARE BB-; Stable (03-May-17)	-	-

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