

April 30, 2024

## TRIL Roads Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund-based - Term Loan	120.00	117.00	[ICRA]A+(Stable); Reaffirmed
Long-term - Unallocated	13.00	3.00	[ICRA]A+(Stable); Reaffirmed
<b>Total</b>	<b>133.00</b>	<b>120.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation factors in the healthy operational performance of TRIL Roads Private Limited's (TRPL) portfolio of assets. The company has four operational toll road projects viz. Durg Shivrath Expressways Private Limited (DSEPL, rated [ICRA]AA+(Stable)), Pune Solapur Expressways Private Limited (PSEPL, rated [ICRA]AA- (Stable)), Uchit Expressways Private Limited (UEPL) and Hampi Expressways Private Limited (HEPL) spread across four states. While UEPL and HEPL have a limited operational track record, the other two projects have a long operational track record with an established traffic density. The four road assets had a combined annual toll collection of ~Rs. 748 crore in FY2024E, against a gross debt of Rs. 2,798 crore as on March 31, 2024. The rating derives comfort from TRPL's strong parentage by virtue of being a wholly-owned subsidiary of Tata Realty and Infrastructure Limited (TRIL, rated [ICRA]AA+(Stable)/[ICRA]A1+). ICRA expects the TATA Group's demonstrated track record of timely funding support to TRPL to continue going forward. Moreover, presence of Interest Service Reserve Account (ISRA) equivalent to three months of interest obligation, which, at present, is maintained in the form of undisbursed amount from the sanctioned term loan, provides credit support to the term loan.

Being a holding company with limited revenue sources, TRPL is exposed to refinancing risk over the medium term. Nonetheless, ICRA takes comfort from the TATA Group's strong refinancing ability and the demonstrated track record of the timely financial support from the sponsor group in the past in the form of equity, optionally convertible, redeemable preference shares (OCRPS), optionally convertible debentures (OCDs) and inter corporate deposits (ICDs) and expects the same to continue going forward. TRPL has plans to bid for BOT-Toll projects in the coming years, which may require sizeable equity commitments in the medium term. Going forward, the profile of the development projects, associated funding requirements and the sources of funding will remain a key monitorable.

The Stable outlook reflects ICRA's belief that TRPL will continue to benefit from the healthy operating performance of underlying portfolio and the diversified investment portfolio, apart from it being a wholly-owned subsidiary of TRIL, which provides it a healthy refinancing ability.

### Key rating drivers and their description

#### Credit strengths

**Strong parentage by virtue of being a wholly-owned subsidiary of TRIL** – TRPL is a wholly-owned subsidiary of TRIL and strategically important to the Tata Group, given that TRPL is the holding entity for the Tata Group's investments in the road sector. TRIL has provided timely financial support in the past and has infused Rs. 234 crore in the form of equity/OCPS and Rs.

756 crore in the form of OCPS, OCDs and ICDs till March 31, 2023. ICRA believes TRPL will continue to receive adequate and timely financial support from the parent, if the need arises.

**Healthy operational performance of the investee companies** – The company has four operational road assets spread across four states. While UEPL and HEPL have a moderate operational track record, the balance other two road projects (DSEPL and PSEPL) have a long operational track record with established traffic density. The four road assets had a combined annual toll collection of ~Rs. 748 crore in FY2024E, against a gross debt of Rs. 2,798 crore as on March 31, 2024.

### Credit challenges

**Exposed to high refinancing risk** – TRPL being a holding company has limited revenue sources (primarily dividend inflows from investee entities), which along with sizeable repayment obligations (~Rs. 35 crore) over the next 12 months exposes the company to refinancing risk in the interim. ICRA takes comfort from the TATA Group's strong refinancing ability and the demonstrated track record of timely financial support from the sponsor group in the past in the form of equity, OCRPS, OCDs and ICDs and expects the same to continue going forward. Further, the presence of ISRA equivalent to three months of interest obligation, which, at present, is maintained in the form of undisbursed amount from the sanctioned term loan, provides credit support to the term loan.

**Equity commitments towards BOT-Toll project will keep overall cashflows under check** – TRPL has plans to bid for BOT-Toll projects in the coming years, which may entail sizeable equity commitments in the medium term. Going forward, the profile of the development projects, associated funding requirements and the sources of funding will remain a key monitorable.

### Liquidity position: Adequate

The company has an adequate liquidity position, supported by healthy financial flexibility that arises from being a wholly-owned subsidiary of TRIL. TRIL has provided timely financial support in the past and is committed to provide support as and when required. It has an ISRA equivalent to three months of interest obligation. TRPL has ~Rs. 35 crore of debt repayment obligation for FY2025, which is expected to be repaid either through parent support or through upstreaming of surplus cash available with the special purpose vehicles (SPVs).

### Rating sensitivities

**Positive factors** – The rating may be upgraded if there is a significant improvement in the risk profile of the investee companies.

**Negative factors** – Negative pressure on TRPL's rating could arise if there is an increase in leverage due to any significant deterioration in the performance of its operational assets. Further, deterioration in the credit profile of the parent or any weakening of linkages with the parent will also remain a key rating sensitivity.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Investment Companies</a>
Parent/Group support	Ultimate holding company: Tata Realty and Infrastructure Limited (TRIL) ICRA expects TRPL's parent, TRIL, to be willing to extend financial support to TRPL, should there be a need, given the high strategic importance that TRPL holds for TRIL for meeting its diversification objectives and out of its need to protect its reputation from the consequences of a group entity's distress.
Consolidation/Standalone	For arriving at the ratings, ICRA has used limited consolidation approach, under which the proposed equity investments and funding support required to various subsidiaries towards

debt servicing and operational shortfall have been considered. The list of companies that are consolidated to arrive at the rating are given in Annexure II below.

## About the company

Incorporated in September 27, 2007, TRPL acts as a holding company for all the road assets of TRIL. At present, TRPL has four operational road projects – PSEPL, DSEPL, HEPL and UEPL. With effect from April 01, 2020, TRPL Roadways Private Limited (earlier a wholly-owned subsidiary of TRPL) was merged with TRPL.

## Key financial indicators (audited)

TRPL Standalone	FY2021	FY2022	FY2023
Operating income (Rs. crore)	4.9	2.6	9.7
PAT (Rs. crore)	-40.5	-34.7	-23.9
OPBDIT/OI (%)	-99.7%	-180.1%	46.0%
PAT/OI (%)	-827.3%	-1349.4%	-246.4%
Total outside liabilities/Tangible net worth (times)	3.1	3.0	1.5
Total debt/OPBDIT (times)	-176.7	-191.6	179.5
Interest coverage (times)	-0.1	-0.1	0.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as on Mar 31, 2024 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022
				April 30, 2024	-	Jan 13, 2023	Sep 16, 2022	Oct 07, 2021
1 Term loans	Long term	117.00	117.00	[ICRA]A+(Stable)	-	[ICRA]A+(Stable)	[ICRA]A+(Stable)	[ICRA]A+(Stable)
2 Unallocated	Long term	3.00	-	[ICRA]A+(Stable)	-	[ICRA]A+(Stable)	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Term loan	Simple
Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

#### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	Nov 2022	8.90%	Nov 2027	117.00	[ICRA]A+ (Stable)
NA	Unallocated	NA	NA	NA	3.00	[ICRA]A+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Hampi Expressways Private Limited	100.00%	Limited Consolidation
Uchit Expressways Pvt. Ltd.	100.00%	Limited Consolidation
Pune Solapur Expressways Private Limited	50.00%	Limited Consolidation
Durg Shivnath Expressways Pvt. Ltd	100.00%	Limited Consolidation

Source: Company

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