



## Warora Chandrapur Ballarpur Toll Road Limited

Instrument	Amount	Rating Action
Term Loans	Rs 336 crore	[ICRA]BB+ (Stable) revised

ICRA has revised the long term rating outstanding on the Rs. 336 crore\* bank lines of Warora Chandrapur Ballarpur Toll Road Limited (WCBTRL) from [ICRA]BBB- (pronounced ICRA triple B minus)<sup>†</sup> to [ICRA]BB+ (pronounced ICRA double B plus). The outlook on the long term rating is stable.

The rating revision takes into account the lower than expected traffic on the stretch coupled with the loss of toll revenues on account of exemption of Light Motor Vehicles (LMV) and State Transport (ST) buses from tolling by the state government. The risks are further exacerbated given the uncertainty pertaining to the quantum of compensation, for the loss of toll revenues, from the state government as well as manner of distribution. Thus dependence on funding support from promoters remain high over the near to medium term for meeting the debt servicing obligations.

The rating continues to favourably factor in the long-standing experience of the sponsors in the road development sector, as well as the consistent support received from it. While assigning the rating ICRA has taken note of the successful commissioning of the project, with Commercial Operation Date (COD) from August 2015, thereby eliminating execution related risks. The project had faced significant delay in completion, on account various execution related challenges as well as delay in receipt of Viability Gap Funding (VGF). The consequent increase in project cost primarily on account of interest during construction coupled with interim cash flow mismatches arising out of delays in receipt of VGF necessitated funding support from the promoter group. The rating also takes into account the provision of Debt Service reserve Account (DSRA) to the extent of debt servicing obligation of one quarter, which is expected to be created out the pending VGF payments.

The project route traverses mainly through industrialized areas with significant coal and limestone mining activity and presence of power, steel and cement plants. Further, the absence of alternate routes to the project road limits risk of traffic leakage. The actual traffic on the route, however, was lower than expected on account of slowdown in the industrial activity, particularly power, mining and cement sectors. ICRA notes that by virtue of being a toll-based project, the SPV would remain exposed to traffic risks. Moreover the toll rates are fixed as per the terms of the CA and will witness a pre-defined increase once every three years; consequently any increase in expenses in the interim period would not result in a WPI-linked increase in toll rates and could suppress project profitability. Further, given that the term loan contracted for the construction of the project road has an interest rate linked to the base rate of the lenders the project is exposed to interest rate risks. ICRA also notes that the sanction letters do not require the creation of a major maintenance reserve but in the event internal cash accruals of the project are not sufficient to fund the major maintenance expenditure, the sponsors will be required to arrange additional funding.

### Company Profile

Warora Chandrapur Ballarpur Toll Road Limited (WCBTRL) is an SPV incorporated for the purpose of undertaking 4-laning of the 63.6 km stretch between Warora and Ballarpur in Maharashtra for the Public Works Department (PWD), Government of Maharashtra (GoM) on DBFOT basis. WCBTRL is held 55% by Nagpur-based infrastructure developer Vishvaraj Infrastructure Limited (VIL); 35% by IL&FS Transportation Networks Limited [ITNL, rated ICRA A(stable)/A1] and 10% by Diva Media Private Limited. The Concession Agreement (CA) between WCBTRL and PWD, GoM was signed in March 2010 and under the terms of the CA WCBTRL is entitled to collect tolls from users of the project road once the road is operational. The concession is valid for a period of 30 years from the appointed date (January 3, 2011).

**September 2015**

\* 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



*For further details please contact:*

**Analyst Contacts:**

**Mr. Rohit Inamdar** (Tel. No. +91-124-4545847)

rohit.inamdar@icraindia.com

**Relationship Contacts:**

**Mr. L. Shivakumar**, (Tel. No. +91 22 6114 3406)

shivakumar@icraindia.com

© Copyright, 2015, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



# **Registered Office**

## **ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

# **Corporate Office**

## **Mr. Vivek Mathur**

Mobile: **9871221122**

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

## **Mumbai**

### **Mr. L. Shivakumar**

Mobile: **9821086490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

1802, 18th Floor, Tower 3,  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone, Mumbai 400013,  
Board : +91-22-61796300; Fax: +91-22-24331390

## **Kolkata**

### **Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

## **Chennai**

### **Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

## **Bangalore**

### **Bangalore**

### **Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

## **Ahmedabad**

### **Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231

## **Pune**

### **Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills  
Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

## **Hyderabad**

### **Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500