

## DA Toll Road Private Limited

April 17, 2019

### Summary of Rated Instrument:

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	1883.34	1883.34	[ICRA]D; Downgraded from [ICRA]BBB&
Proposed Term Loan	15.44	15.44	[ICRA]D; Downgraded from [ICRA]BBB&
<b>Total</b>	<b>1898.78</b>	<b>1898.78</b>	

### Rationale

The rating revision takes into account the recent irregularities in debt servicing by DA Toll Road Private Limited (DATRPL). While the toll collections were adequate to meet the debt obligation, lenders were instructed by the National Highway Authority of India (NHAI) on February 08, 2019 to transfer the toll receipts (being collected from January 01, 2019 onwards) to a separate withheld account<sup>1</sup> owing to delays in project execution and non-achievement of fourth execution milestone (timeline for the same was December 31, 2018) on time. The interest overdue as on February 28, 2019 was Rs. 13.21 crore while the surplus available in construction period fee escrow sub-account from which the interest has to be serviced had credit balance of Rs. 92.6 crore which was more than adequate to service the interest obligation. Similarly, the debt obligation for the month of March 31, 2019 was Rs. 26.62 crore as against the credit balance of Rs. 93.8 crore in construction period fee escrow sub-account. For both the months, the debt obligation could not be serviced on time despite the surplus lying in the construction period fee escrow sub-account.

**Outlook:** Not Applicable

### Key rating drivers

**Credit strengths:** Not Applicable

### Credit weaknesses

**Recent delays in debt servicing** – There has been delays in debt servicing by DA Toll Road Private Limited (DATRPL). While the toll collections were adequate to meet the debt obligation, lenders were instructed by the National Highway Authority of India (NHAI) on February 08, 2019 to transfer the toll receipts (being collected from January 01, 2019 onwards) to a separate withheld account owing to delays in project execution and non-achievement of fourth execution milestone (timeline for the same was December 31, 2018) on time. The interest overdue as on February 28, 2019 was Rs. 13.21 crore while the surplus available in construction period fee escrow sub-account from which the interest has to be serviced had credit balance of Rs. 92.6 crore which was more than adequate to service the interest obligation. Similarly, the debt obligation for the month of March 31, 2019 was Rs. 26.62 crore as against the credit balance of Rs. 93.8 crore in

<sup>1</sup>In line with the supplementary agreement executed between 'NHAI' and 'DATRPL' on December 21, 2015

construction period fee escrow sub-account. For both the months, the debt obligation could not be serviced on time despite the surplus lying in the construction period fee escrow sub-account.

### Liquidity Position:

As on February 28, 2019, the company had Rs. 92.6 crore in construction period fee escrow sub-account and Rs.34.8 crore in withheld account as against interest obligation of Rs. 13.21 crore for February 2019. Similarly, for the month of March 31, 2019 the credit balance of Rs. 93.8 crore was available in construction period fee escrow sub-account and Rs.57.2 crore in withheld account as against the debt obligation of Rs. 26.62 crore for March 2019. For both the months, the debt obligation could not be serviced on time despite the surplus lying in the construction period fee escrow sub-account.

### Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Policy on default recognition</a> <a href="#">Rating Methodology for BOT (Toll) Roads</a> <a href="#">Corporate Credit Rating Methodology</a>
Parent/Group Support	Not Applicable
Consolidation / Standalone	The ratings are based on the standalone financial profile of the company

### About the company:

Incorporated in May 2010, DA Toll Road Private Limited (DATRL), is a special purpose vehicle (SPV) promoted by Reliance Infrastructure Limited (R Infra). It has been set up for the purpose of widening/up-gradation of the stretch between Delhi and Agra from existing 4-lanes to 6-lanes. The total length of the road under the project is 179.50 kilometre (km). The project was awarded to the company under a competitive bidding process under National Highway Development Program (NHDP) on a Design, Build, Finance, Operate and Transfer (DBFOT) basis. The key bid variable was the grant receivable from NHAI which was bid at Rs. 180 crore by R Infra. The concession period is for 26 years from the appointed date (i.e., October 16, 2012). The project is expected to achieve COD in June 2019.

### Key Financial Indicators (Audited)

	FY 2017	FY 2018
Operating Income (Rs. crore)	833.7	615.6
PAT (Rs. crore)	12.7	(0.7)
OPBDIT/ OI (%)	10.1%	27.5%
RoCE (%)	3.6%	5.1%
Total Debt/ TNW (times)	1.4	1.9
Total Debt/ OPBDIT (times)	13.8	9.2
Interest coverage (times)	1.7	1.6

OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; PAT: Profit after Tax; RoCE: Return on Capital Employed; TNW: Tangible Network

Source: DATRPL, ICRA research

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

**Any other information: None**

**Rating history for last three years:**

Instrument		Current Rating (FY2020)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding* (Rs Crore)	Date & Rating (FY2020) April 2019	Date & Rating in FY2019		Date & Rating in FY2018	Date & Rating in FY2017
						March 2019	November 2018	October 2017	October 2016
1.	Term Loan	Long term	1883.34	1837.95	[ICRA]D	[ICRA]BBB&	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
2.	Proposed Term Loan	Long term	15.44	15.44	[ICRA]D	[ICRA]BBB&	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)

\*As on March 31, 2019

**Complexity level of the rated instrument:**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	TL	FY2011	11.65%	FY2030	1883.34	[ICRA]D
NA	Proposed TL	-	-	-	15.44	[ICRA]D

Source: DATRPL

### Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
None	NA	NA

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