

## Ahmedabad Maliya Tollway Limited

August 09, 2018

### Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debentures (NCDs)	175.00	175.00	[ICRA]AA(SO) (Positive); reaffirmed; outlook revised to Positive from Stable
<b>Total</b>	<b>175.00</b>	<b>175.00</b>	

\*Instrument details are provided in Annexure-1

### Rating action

ICRA has reaffirmed the long-term rating of [ICRA]AA (SO) (pronounced ICRA double A Structured Obligation) for the Rs. 175.00-crore<sup>1</sup> NCDs of Ahmedabad Maliya Tollway Limited (AMTL)<sup>2</sup>. The outlook on the long-term rating has been revised from Stable to Positive. The rating is based on the strength of a sponsor support undertaking (SSU) and put option on the NCDs provided by L&T Infrastructure Development Projects Limited (L&T IDPL).

### Rationale

The outlook revision to Positive from Stable takes into account the revision of the outlook for the rating of the sponsor and support provider – L&T IDPL – from Stable to Positive (rated [ICRA]AA(Positive)/[ICRA]AA+(S)/[ICRA]A1+). The rating reflects the unconditional and irrevocable SSU and put option on the NCDs provided by L&T IDPL. IDPL's obligations under the SSU and the put option taken together cover all issuer obligations that may arise on the rated NCDs. The payment mechanism for the transaction is designed to ensure that the proceeds from the sponsor (if the issuer does not pay and recourse on the sponsor is required) are available before the due date of payment on the NCDs. As per the terms of the transaction, the NCDs would be deemed to be extinguished pursuant to the settlement of the put option by the sponsor. As per the terms of the transaction, IDPL will not reduce its shareholding in AMTL below 51% and would also retain management control.

The NCDs have a scheduled tenor of 13 years from the deemed date of allotment. The principal amount on the NCDs is payable in one bullet instalment at the maturity date. The coupon amount is payable on an annual basis. The NCDs also carry issuer put option at the end of 5 years and 10 years from the deemed date of allotment and call option at the end of 3 years, 4 years, 5 years and 10 years.

For the detailed rationale of L&T IDPL, [please refer here](#).

### Outlook: Positive

The outlook may be revised if there is any change in the outlook of L&T IDPL.

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</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

## Key rating driver

**Unconditional and irrevocable undertaking by L&T IDPL towards NCD obligations combined with put option on the NCDs provided by L&T IDPL:** The rated NCDs are covered by option agreements from L&T IDPL which cover the principal repayment commitments and the SSU through which IDPL has undertaken to fund any shortfalls in coupon payments to the NCD holders. The transaction structure also incorporates payment timelines to ensure timely servicing of obligations under the agreement.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

**Links to applicable criteria:**

[Corporate Credit Rating Methodology](#)

[Rating Methodology for BOT \(Toll\) Roads](#)

[Approach for rating debt instruments backed by third-party explicit support](#)

## About the company:

Ahmedabad Maliya Tollway Limited (AMTL) is a subsidiary of L&T IDPL (rated [ICRA]AA(Positive)/[ICRA]AA+(S)/[ICRA]A1+). It was incorporated in 2008 as a special purpose vehicle (SPV) to implement the strengthening and four-laning of State Highway 7 (SH-7) and SH-17 from Ahmedabad to Maliya in Gujarat. The authority for the project is Gujarat State Road Development Corporation Limited (GSRDC) and the total concession period is 22 years with a provision to extend in case of a lower-than-target traffic.

The project involved four-laning of the existing two-lane Ahmedabad-Viramgam and Viramgam-Maliya Section of SH-17 and SH-7, respectively, in Gujarat. The start point of the project corridor is at km 11.500 and the terminal point is at km 195.065, including the bypasses at Sachana, Dhrangadhara and Halvad. The proposed construction period was 30 months and the company was able to achieve COD by April 2012 as per the planned schedule. The project has four toll plazas and has been collecting toll over the past five years. The project cost was Rs. 1,497 crore and was completed without any cost overruns.

In FY2018, the company reported a net loss of Rs. 47.34 crore on an operating income (OI) of Rs. 174.28 crore compared with a net loss of Rs. 51.48 crore on an OI of Rs. 150.04 crore in the previous year.

## Key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	150.04	174.28
PAT (Rs. crore)	-51.48	-47.34
OPBDIT/OI (%)	70.26%	72.29%
RoCE (%)		6.37%
Total Debt/TNW (times)	11.07	10.49
Total Debt/OPBDIT (times)	10.93	8.66
Interest coverage (times)	0.79	1.01

## About L&T IDPL

L&T Infrastructure Development Projects Limited (formerly L&T Holdings Limited) was promoted by Larsen & Toubro Limited (L&T) in February 2001 to act as the holding company for various infrastructure projects being developed by the latter. L&T has a stake of 97.45% in IDPL with the balance held by overseas financial investor Old lane Mauritius III Limited. In 2010-2011, two other private equity investors viz., IDFC and JP Morgan, were bought by L&T. The company raised Rs. 2,000 crore in two tranches (total 2,000 units of CCPS with face value of Rs. 1 crore per unit to be converted to equity as per the specified timelines) in FY2015, and FY2016 from Canadian Pension Plan Investment Board (CPPIB) of which 920 CCPS (worth Rs. 1,120 crore) were bought back by IDPL in Q1 FY2019. The remaining CCPS are planned to be converted into equity and hence L&T's stake is expected to be diluted post this conversion.

IDPL has promoted and executed several infrastructure projects through public-private partnership in the field of highways and expressways, bridges, seaports/terminals, power transmission, airport, water supply, wind energy, real estate development, IT and industrial parks. The current investment portfolio of IDPL consists of 11 major projects, among which there are 10 road/bridge projects and one power transmission project. All these projects are under project-specific SPVs.

### Exhibit: IDPL's project portfolio

S.No.	Name of SPV	Sector	Annuity/Toll
1.	Kudgi Transmission Limited	Transmission	Annuity
2.	L&T Interstate Road Corridor Ltd. (IRCL)	Roads	Annuity
3.	L&T Transportation Infrastructure Ltd. (TIL)	Roads	Toll
4.	Vadodara Bharuch Tollway Ltd. (VBTL)	Roads	Toll
5.	L&T Sambalpur Rourkela Toll Ltd (SRTL)	Roads	Toll
6.	Panipat Elevated Corridor Ltd. (PECL)	Roads	Toll
7.	L&T Rajkot Vadinar Tollway Ltd. (RVTL)	Roads	Toll
8.	Ahmedabad Maliya Tollway Ltd. (AMTL)	Roads	Toll
9.	L&T Samakhiali Gandhidham Tollway Ltd	Roads	Toll
10.	L&T Deccan Tollways Ltd. (DTL)	Roads	Toll
11.	L&T Halol Shamlaji Tollway Ltd. (HSTL)	Roads	Toll

*\*The list doesn't include projects which have been terminated*

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

### Any other information: None

## Rating history for last three years

Current Rating (FY2019)					Chronology of Rating History for the Past 3 Years				
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding as of May 31, 2018 (Rs. crore)	Date & Rating August 2018	Date & Rating in FY2018		Date & Rating in FY2017	Date & Rating in FY2016	
					September, 2017	September, 2017			
1	NCDs	175.00	175.00	[ICRA]AA(SO)(Positive)	[ICRA]AA(SO) (Stable)	Provisional [ICRA]AA(SO) (Stable)	-	-	

## 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
INE557L07031	NCDs	Aug 28, 2017	8.6%	Aug 28, 2030	175.00	[ICRA]AA(SO)(Positive) Source: AMTL

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