



Press Release

Agroh Diu Link Highways Private Limited (ADLHPL)

September 18, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity</u> <u>Indicator</u>
Long term fund-based Bank facility – Term Loans	294.00 (Enhanced from 236.00)	IVR A+/ Stable (IVR A Plus with Stable Outlook)	Reaffirmed	Simple
Total	294.00			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmation to the bank facilities of Agroh Diu Link Highways Private Limited (ADLHPL) continues to derive comfort from Experienced promoters & management team, Long track record of the group in road infrastructure segment and Waterfall mechanism in Escrow account. However, these rating strengths remain constrained by Inherent Operations & Maintenance risk associated with the project.

Key Rating Sensitivities:

Upward Factors

- Established track record of receipt of annuities from NHAI.
- Creation of DSRA in lines with the sanction terms.

Downward Factors

- Significant increase in O&M and major maintenance costs
- Untimely annuity payments
- Deterioration in the credit profile of NHAI.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths



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Experienced promoters & management team

Agroh Diu Link Highways Private Limited (ADLHPL) was promoted by Shri. Shailendra Singhal. The promoters have rich experience of over four decades in the road construction segment, having successfully executed various projects from NHAI and other government authorities over the years. They are also assisted by a team of experienced professionals having relevant industry experience.

Long track record of the group in road infrastructure segment

ADLHPL is a part of the Indore based Agroh group, controlled by the Singhal family. Agroh Infrastructure Developments Private Limited is the flagship company of the group and is involved in the construction of infrastructure projects such as highways, bridges, water supply and sewage/drainage systems, etc. for over four decades. The company is actively involved in all verticals and models within construction in India including the traditional route based on payment basis or modern model of PPP (Public Private Partnership). Viz. BOT (Build-Operate-transfer) and Annuity.

Waterfall mechanism in Escrow account:

ADLFPL has waterfall mechanism through which cash flows in form of annuity from the NHAI is routed and used for payment of the term debt availed. It ensures the annuity receivables are escrowed to meet the principal payment and interest payments. Also, AIDPL (Sponsor Company) has provided an undertaking regarding the financial support for the proposed bank debt availed.

Key Rating Weaknesses

Inherent Operations & Maintenance risk associated with the project

The company is exposed to the risk of sharp increase in the O&M cost due to more than envisaged cost in the maintenance of the road. While the inflation-indexed O&M annuity partly mitigates O&M risk, the disparate movement in inflation index and the O&M cost poses a risk.

Analytical Approach: Standalone Approach



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Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on Rating Outlook](#)

Liquidity – Adequate

The company has adequate liquidity with cash and bank balances of INR0.07 crore at the end of FY23 (Prov.). Notwithstanding, support from sponsor Agroh Infrastructure developers Pvt Ltd (AIDPL) backed undertaking provided to cover for any amount of shortfall that may occur in the DSRA. The company has to maintain DSRA of an amount equivalent to next six months of principal repayment and interest payment due and payable in respect of term debt facility.

About the Company

Agroh Diu Link Highways Private Limited (ADLHPL), a SPV incorporated and owned by Agroh Infrastructure & Development Private Limited (AIDPL), has entered into Concession Agreement with National Highway Authority of India (NHAI) for the design, build, finance, operate and transfer (DBFOT) of 40.98 km road project in the State of Gujarat on Hybrid Annuity Mode (HAM). Concession period includes construction period of 910 days from appointed date and operational period of 15 years from COD. The company has already received five annuities from NHAI.

Financials (Combined):

For the year ended/ As on*	INR in Crore	
	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Operating Income	52.79	30.15
EBITDA	25.22	24.98
PAT	1.62	2.22
Total Debt	226.88	272.12
Tangible Networkth	97.65	99.35
EBITDA Margin (%)	47.78	82.25
PAT Margin (%)	3.06	7.36



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Overall Gearing Ratio (x)	2.32	2.73
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* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 <i>(Dated: Jan 17, 2023)</i>	Date(s) & Rating(s) assigned in 2021-22 <i>(Dated: Nov 23, 2021)</i>	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based Facility – Term Loan	Long Term	294.00	IVR A+/Stable	IVR A+/Stable	IVR A+[CE]/Stable	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Prakash Kabra
 Tel: (022) 62396023
 Email: prakash.kabra@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Term Loan	-	-	-	294.00	IVR A+/ Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Agroh-sep23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.