



Press Release

Udit Pathways Private Limited (UPPL)

September 22nd, 2020

Sl. No.	Instrument/Facility	Amount (INR Crore)	Supported Rating*
1.	Long Term Proposed Bank Facility	1.00	IVR BBB (CE)/Stable Outlook {IVR Triple B (Credit Enhancement) with Stable Outlook}
2.	Short Term Bank Facility – Bank Guarantee	9.07	IVR A3+ (CE) {IVR Single A Three Plus (Credit Enhancement)}
	Total	10.07	

**CE Rating based on corporate guarantee extended by Udit Infraworld Private Limited.*

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the above bank facilities of Udit Pathways Private Limited derives strength from corporate guarantee extended by Udit Infraworld Private Limited to the bank facilities of UPPL. This corporate guarantee results in an enhancement in the rating of the said instrument to IVR BBB (CE)/ Stable; IVR A3+ (CE) (IVR Triple B [Credit Enhancement] with Stable Outlook; IVR A Three Plus [Credit Enhancement]) against the unsupported rating of IVR BB+/Stable (IVR Double B Plus with Stable Outlook)

Further, the rating derives strength from benefits derived from long track record of the group in road infrastructure segment and comfortable financial risk profile. However, the rating strengths are partially offset by significant exposure to traffic risk and unforeseen major maintenance of the road.

Key Rating Sensitivities:

- **Upward Factor**

- Significant improvement in toll revenues leading to further improvement in the cash flows
- Improvement in the credit risk profile of the corporate guarantor

- **Downward Factor**

- Deterioration in cash flow
- Deterioration in the credit risk profile of the corporate guarantor.



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Key Rating Drivers with detailed description

Key Rating Strengths

- ***Long track record of the Group in road infrastructure segment:***

UPPL is likely to benefit from the experience and track record of Udit Group in the road infrastructure sector. In the last one decade, the Group has executed an overall order value of INR703.56 Crore of various departments like PWD, NHAI, MPRDC, etc. It is led by Mr. Abhay Mishra (over 25 years of experience) and Mr. Umakant Sharma (more than 10 years of experience), which shall help the Company in establishing and maintaining healthy relations with the clients and sanctioning authorities. The promoter's strong entrepreneurial experience and long track of operations will support its business risk profile over the medium term.

- ***Comfortable financial risk profile:***

UPPL's financial risk profile is healthy marked by comfortable capital structure and robust debt protection metrics. Its net worth stood at INR9.02 Crore as on March 31st, 2020 (P) as against of INR8.02 Crore as on March 31st, 2019, largely due to the healthy accretion of reserves during the same period. Healthy net worth with no major repayments liabilities ensures strong capital structure. The financial risk profile is expected to be comfortable in the short-medium term on account of regular toll collection and minimum projected debt required for the remaining period of the project

Key Rating Weaknesses

- ***Significant exposure to traffic risk major maintenance of the road:***

The project remains exposed to risks inherent in BOT (toll) road projects, including risks arising from variation in traffic volumes over the project stretch and on the economic activity in the surrounding regions, movement in WPI (for a toll rate hike), political acceptability of toll rate hike, development/improvement of alternate routes and the likelihood of toll leakages. As commercial vehicles constitute a major portion of traffic on the road stretch, traffic volume will remain vulnerable to an economic slowdown. The toll suspension imposed by the Ministry of Road Transport & Highways (MORTH) during the lockdown and the slowdown in the economy due to the COVID-19 pandemic is expected to adversely affect the toll collections in FY2021.



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Analytical Approach & Applicable Criteria:

Unsupported Rating: Standalone

Credit Enhancement (CE) rating: Assessment of the credit profile of Udit Infraworld Private Limited, provider of corporate guarantee to the bank facilities of UPPL.

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Adequate

The liquidity is expected to be adequate backed by the operational track record of toll collections and nil debt repayment obligations. Also, the Company shall benefit from the financial support from the promoter, if and when required.

About the Company

Incorporated in October 2014, Udit Pathways Private Limited (UPPL) is a Special Purpose Vehicle (SPV) sponsored by Udit Infraworld Private Limited (UIPL) for two laning and thereafter Operation, Maintenance and Transfer (OMT) (Toll basis) of Bela-Govindgarh-Churhat existing carriageway (56.74 Km.) (in Rewa District of Madhya Pradesh). The Company has entered into a 9 year concession agreement with Madhya Pradesh Road Development Corporation Limited (MPRDC) for the same. It achieved its COD (Commercial Operation Date) dated December 11th, 2014 and UPPL has started collecting toll thereafter.

Financials:

Financials: UPPL (Standalone)

(INR Crore)

For the year ended/ As On*	31-03-2018 (Audited)	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	7.60	7.43	5.86
EBITDA	3.68	3.80	2.36
PAT	1.02	0.72	1.18
Total Debt	0.00	0.00	0.00
Tangible Net-worth	7.33	8.02	9.02
EBITDA Margin (%)	48.47	51.17	40.33
PAT Margin (%)	13.41	9.70	20.07
Overall Gearing Ratio (x)	0.00	0.00	0.00



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* Classification as per Infomerics' standards

About the Guarantor

Incorporated as 'Abhay Contractors Private Limited' in the year 2003, it was reconstituted into a private limited company as Udit Infracore Private Limited in 2009. Currently it is engaged in construction, repairs and maintenance of roads and bridges in Madhya Pradesh. The company specializes in State & National Highways, City Roads, Transport Corridors, Culverts and Bridges. Apart from UIPL & UKHPL, the promoters have extended presence in the similar industry via 6 SPVs which are into execution/OMT (Operate-Maintain-Transfer) of different road projects and have already achieved COD and are revenue generating.

Financials: UIPL (Standalone)

(INR Crore)

For the year ended/ As On*	31-03-2018 (Audited)	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	148.00	126.62	190.31
EBITDA	18.54	20.57	28.63
PAT	7.22	7.56	12.37
Total Debt	13.16	18.66	15.50
Tangible Net-worth	34.14	41.51	53.88
EBITDA Margin (%)	12.53	16.25	15.04
PAT Margin (%)	4.88	5.97	6.50
Overall Gearing Ratio (x)	0.39	0.45	0.29

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Brickworks has reaffirmed the rating of Udit Pathways Private Limited as Issuer Non-Cooperating category as the company did not co-operate in the rating procedure as per the Press Release dated October 10th, 2019.

CRISIL has placed the rating of Udit Pathways Private Limited in the Issuer Non-Cooperating category as the company did not co-operate in the rating procedure as per the Press Release dated September 18th, 2020.



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Any other information: N.A

Rating History for last three years:

Sl. No	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Long Term Proposed Bank Facility	Long Term	1.00	IVR BBB (CE) /Stable	--	--	--
2.	Short Term Bank Facility – Bank Guarantee	Short Term	9.07	IVR A3+ (CE)	--	--	--

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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company’s long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Size of Facility (INR Crore)	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Rating Assigned/ Outlook
Long Term Proposed Bank Facility	1.00	NA	NA	NA	IVR BBB (CE) /Stable
Short Term Bank Facility – Bank Guarantee	9.07	NA	NA	NA	IVR A3+ (CE)