

June 4, 2010

**CARE ASSIGNS 'CARE BBB+ (SO)' RATING TO THE BANK FACILITIES OF SUYOJIT INFRASTRUCTURE (BOT)**

<b>Rating</b>			
<b>Facilities/ Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities*	30.00	<b>'CARE BBB+ (SO)' (Triple B Plus) [Structured Obligation]</b>	Assigned
<b>Total Facilities</b>	<b>30.00</b>		

\* future toll receivables securitisation programme.

The rating assigned by CARE is based on the capital deployed by the partners and the financial strength of Suyojit Infrastructure (SI) at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners in addition to the financial performance and other relevant factors.

**Rating Rationale**

The rating takes into consideration the operating status of the road, strategic significance of the stretch, established high traffic density coupled with favourable traffic-mix, low threat from alternate/competing routes, enhanced traffic count during H2FY09, sponsor undertaking to cover shortfall in repayment obligations post Debt Service Reserve Account (DSRA) utilisation, creation of DSRA & Major Maintenance Reserve Account (MMRA), and experienced sponsors.

The rating is however, constrained by the constitution of the Special Purpose Vehicle (SPV) being a partnership, limited track record of the Operation & Maintenance (O&M) contractor and the associated O&M risks, the inherent toll-based nature of the project, ballooning debt repayment structure and possibility of reduction in toll rates by the Government of Maharashtra (GoM) as specified in the Concession Agreement (CA), though with adequate compensation to be provided for any such reduction through increase in the concession period.

The ability of the sponsors to operate and maintain the road as per the specifications of the CA constitutes the key rating sensitivity.

**Company Profile**

SI is a SPV constituted as a partnership firm on June 2, 2006, with 96% of the stake held by Suyojit Infrastructure Pvt. Ltd. (SIL) and 2% each by the promoter directors of SIL, Mr. Anant Rajegaonkar and Mr. Anil Jain. The SPV was formed for improvement and strengthening of 33.10-km long Sangmner-Talegaon-Kopargaon (STK) road on Build, Operate and Transfer (BOT) basis. The project road construction commenced in September 2006 and was completed in October 2008 at a total capital cost of Rs.17.08 crore, funded in a debt-equity ratio of 2.27x. Nevertheless, it was permitted to collect toll from September 2008. The project has a concession period is for 19 years 5 months and 2 days ending on March 1, 2027.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

SI raised an additional debt of Rs.30 crore by way of securitizing the toll receivables till the end of Concession period and the said proceeds are being utilized to repay the existing project loan of Rs.11.44 crore and balance towards general corporate purposes. In FY09, the road was operational for a period six months and 20 days and SI collected toll aggregating to Rs.2.06 crore during this period.

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