



Press Release

Fairways Toll and Security Services Private Limited

January 29, 2025

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	40.54	IVR BB/Stable (IVR Double B with Stable Outlook)	-	Assigned	Simple
Short Term Facilities	24.00	IVR A4+ (IVR A Four Plus)	-	Assigned	Simple
Total	64.54 (Rupees Sixty-Four Crore and Fifty-Four lakhs only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The assignment of the ratings by Infomerics to the bank facilities of Fairways Toll and Security Services Private Limited (FTSSPL) factors the extensive experience of the promoters and management, improving scale of operations and satisfactory profitability margins, geographical advantage and strong client relationship.

The ratings, however, are constrained by the moderate debt coverage metrics and operations & maintenance risks.

The 'Stable' outlook indicates that FTSSPL is expected to continue to get benefits out of the experience of the promoters, long track record of operations and expected improvement in revenue and profitability.

Key Rating Sensitivities:

- **Upward Factors**
 - Substantial & sustained growth in scale of operations with improvement in profitability leading to improvement in the debt protection metrics & capital structure.



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- **Downward Factors:**

- Any decline in revenue and profitability leading to deterioration in debt protection metrics & capital structure.
- Decline in the DSCR and liquidity of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the Promoters and key managerial personnel aid business development:

FTSSPL was established in 2016 and presently managed by the directors – Mr. Sridhar Reddy Anantha, Mr. M. Gangan Reddy Mallannagari, Mr. E. Sridhar Goud Ellandu . Along with them, the company is also lead by well qualified and experienced set of key managerial personnel – Mr. CSM Subrahmanyam who has more than two decades of experience and Mr. Arijit Chowdhury who has more than three decades of experience.

Faiways Toll and Security Services Private Limited boasts a management team with average experience exceeding 15 years in the industry, which supports successful execution of projects.

Improving scale of operations and satisfactory profitability margins:

The company have generated Rs 62.56 crores in FY24 (Refer period from April 2023 to March 2024) which is 18.19% more than FY23 (Refer period from April 2022 to March 2023), indicating a steady growth in the scale of operations. In FY24, the company achieved profit of Rs 2.97 crores which is 9.55% more than FY23. EBITDA margins have marginally increased to 11.85% in FY24 with respect to FY23 which is 11.41%.The growth in revenue and profitability implies that the company is focussed on improving both the topline and bottom line of the business.

Geographical advantage:

FTSSPL has comfortably diversified its geographical operations in 8 states including Madhya Pradesh, Tamil Nadu, Telangana, Maharashtra, Karnataka, Andhra Pradesh, Uttar Pradesh



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and Rajasthan, eliminating the risk of geographical concentration. In FY24, Madhya Pradesh has been a major contributor to the topline with around 26.98% as against 32.32% in FY23 contributed by Tamil Nadu indicating business spread across locations.

Strong Client relationship:

Fairways Toll and Security Services Private Limited has developed healthy relations with its customers which facilitate securing renewed contracts. The top 5 customers constitute 55% of the revenue in FY23 and 50% of the revenue in FY24, with 4 out of the 5 are common indicating the strong relationship with the clients and company's project execution ability.

B. Key Rating Weaknesses

Moderate in Debt Coverage Ratios:

Overall gearing as on 31-Mar-2023 is at 1.92 times and it further deteriorated in FY24 to 1.96 times. In FY24, the DSCR of the company declined to 1.55x from 2.09x in FY23 due to increase in interest expenses despite an increase in GCA (Gross Cash Accruals) in FY24. The interest coverage ratio of the company has decreased from 2.94 times in FY23 to 2.81 times in FY24. In FY24, the debt levels of the company have increased which led to increase in Total Debt/GCA to 6.13 times as compared to 5.38 times in FY23. The Company's total outside liabilities has increased leading to deterioration in TOL / TNW to 2.59x in FY24 as against 2.49 times in FY23.

Revenue risks associated with toll projects:

FTSSPL operates in 3 models of road management including Toll Operations , Routine Maintenance and Incident Management which is also called as Route Operations. The company has entered into its first Toll collection project with NHAI for Davuluru toll gate with an order value of INR 58 crores, which contributes around 38% of the total order book position. FTSSPL's "Toll Collection" project exposes the company to certain collection risk which is associated with the sustainability and growth of traffic. As the revenue depends upon the traffic that plies on the stretch, the company is exposed to the uncertainties with respect to achievement of anticipated revenue as there is a fixed annuity payment commitment to NHAI. Infomerics also takes into account that the remaining models are on fixed value basis and the company's revenue does not get affected with traffic flow.



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Inherent Operations & Maintenance Risk:

FTSSPL is mandated to operate and maintain the road as per the specifications set out in the Concession Agreement (CA) and any major damage can result in higher than anticipated maintenance cost. Also, non – compliance of the terms specified in the agreement could result in penalties being levied by the project awarding authority.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity: Adequate

The gross cash accruals of the company stood at Rs 4.16 crores in FY24 as against loan obligations of Rs 1.76 crores. The company is expected to generate cash accruals of Rs 5.32 crores in FY25 as against the debt obligation of Rs 2.77 crores. The average working capital utilization for the past twelve months ended November 2024 remained high at 89.03%. The current ratio of the company stood at 1.07x as on March 31, 2023 and 0.96x as on March 31, 2024. The cash and cash equivalents stood at 0.53 crores as on March 31, 2024. The company has proposed a cash credit facility of Rs 17.00 crores and is currently in discussions with banks, which is expected to enhance the company's liquidity upon sanction.

About the company

Fairways Toll and Security Services Private Limited, established in 2016 in Hyderabad, specializes in toll collection, manpower services, and road infrastructure maintenance. The company partners with clients to optimize toll revenue by minimizing exemptions and streamlining processes. It also provides Advanced Traffic Management Systems (ATMS) and Toll Management Systems (TMS), using digital screens for critical highway updates. Toll management is conducted through manpower-based fare collection or annuity contracts with clients like NHAI, ensuring fixed weekly payments. Its road management services include Toll



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Operations, Routine Maintenance, and Incident Management, covering a 60 km stretch for efficient response and support services like cranes and ambulances.

Financials (Standalone):

For the year ended* / As on	(Rs. Crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	52.93	62.56
EBITDA	6.04	7.41
PAT	2.71	2.97
Total Debt	19.24	25.51
Tangible Net worth	10.02	12.99
EBIDTA Margin (%)	11.41	11.85
PAT Margin (%)	5.11	4.72
Overall Gearing ratio (X)	1.92	1.96
Interest coverage (x)	2.94	2.81

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating History for last 3 years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Cash Credit	Long Term	35.00	IVR BB/Stable	-	-	-
2	Term Loans	Long Term	5.54	IVR BB/Stable	-	-	-
3	Bank Guarantee	Short Term	24.00	IVR A4+	-	-	-

Analytical contacts:

Name: Rekha Chokkalingam
Tel: (022) 62396023
Email: rekha.chokkalingam@infomerics.com



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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.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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

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Annexure 1: Facility details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	Revolving	35.00	IVR BB/Stable
Term Loans	-	-	-	June 2027	5.54	IVR BB/Stable
Bank Guarantee	-	-	-	-	24.00	IVR A4+

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Fairways-Toll-Security-29jan24.pdf>

Annexure 3: Detailed explanation of covenants of the rated security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: 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