

Press Release

Bansal Pathways Guna Sironj Private Limited

May 14, 2018

Rating Assigned & Reaffirmed



Total Bank Facilities Rated*	Rs. 178.00 Cr. (Enhanced from Rs.50 Cr)
Long Term Rating	SMERA A- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA A-**' (**read as SMERA A minus**) on the enhanced amount of Rs. 80.00 crore bank facilities of Bansal Pathways Guna Sironj Private Limited. The outlook is '**Stable**'.

Further SMERA has assigned long-term rating of '**SMERA A-**' (**read as SMERA A minus**) on the of Rs. 98.00 crore bank facilities of Bansal Pathways Guna Sironj Private Limited. The outlook is '**Stable**'.

Bansal Pathways Guna Sironj Private Limited (BPGSPL) is a special-purpose vehicle (SPV) sponsored by Bansal Construction Works Private Limited (BCWPL). The company was incorporated in 2015 to undertake construction of a two-lane road between Guna and Sironj in Madhya Pradesh. The road, a section of State Highway-23, is 86.76 kilometers long. The technical support is provided by Prakash Asphalting & Toll Highways India Limited. The project has been awarded by the Madhya Pradesh Road Development Corporation (MPRDC) and is executed under BOT plus annuity on a build-operate-transfer (BOT) basis. The concession is for 15 years and the construction period is two years (based on semi-annual annuity payment). The total project cost stands at Rs.239.88 crore funded by term loan of Rs. 158.00 crore, equity of Rs. 61.88 crore and subordinated debt of Rs.20.00 crore. BPGSPL signed the concession agreement with MPRDC on February 10, 2015. The appointed date was obtained in August 08, 2015. Further, the scheduled COD was August 06, 2017 and the final COD was achieved on March 2017.

Key Rating Drivers

Strengths

• Experienced management

The Bansal Group, a civil construction company established in 1980 undertakes construction of roads and highways apart from other infrastructure development work through Bansal Construction Work (BCW). Later in 2010, the group floated, Bansal Construction Work Private Limited to undertake civil construction work and transferred the construction business to BCWPL. The Directors, Mr. Sunil Bansal and Mr. Anil Bansal have over three decades of experience in civil construction and toll road work.

• Early completion of the project

Construction work on the project commenced on 08 August, 2015 and was expected to be completed by 06 August, 2017. However, the company completed construction in December 2016 itself much before schedule. As a result, BPGSPL received the first annuity of Rs.15.00 crore and bonus annuity of Rs.23.00 crore in June 2017. Further, the company also received the second annuity of Rs.15.00 crore on December 2017. As per the concession agreement, the company is entitled to two additional annuities on account of early completion of construction.

• Low counter party default risk

BPGSPL has lower counter party risk considering that MPRDC is a government entity and counter-party default risk is minimal. BPGSPL is expected to receive most of the revenue of Rs.15.00 crore in annuity basis bi-annually from MPRDC.

• Waterfall Mechanism in ESCROW account and Debt-service reserve account (DSRA):

SMERA Ratings Limited

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059

CIN: U74999MH2005PLC155683 | SEBI Permanent Registration No.: IN / CRA / 006 / 2011

BPGSPL has escrow mechanism through which cash flows from toll collection and annuity is routed and used for payment as per the defined payment waterfall. Only surplus cash flow after meeting operating expense, debt servicing obligation and provision for major maintenance expense, can be utilised for other expenses. Furthermore, a debt-service reserve account equivalent to three months of debt servicing obligation is maintained in the form of bank guarantee given by the sponsor- Bansal Construction Work Private Limited.

Weaknesses

- **Risk associated with traffic and major maintenance of the road**

BPGSPL undertook BOT plus annuity based project on account of which the company books revenue from toll and annuity. Since the BPGSPL's revenue are derived from annuity received from MPRDC and a fraction of revenue from toll as its revenue performance will be linked to the traffic volume. Any change in the volume of traffic can impact the cash flows of the company. The company has to ensure maintenance of the road for the entire concession period so as to be eligible for annuities.

Analytical Approach

SMERA has considered standalone financial and business risk profile of the company to arrive at the rating.

Outlook: Stable

SMERA believes that the outlook on BPGSPL's rated facilities will remain 'Stable' over the medium term on account of steady flow of toll revenues and annuity from the project coupled with support of sponsors. The outlook may be revised to 'Positive' in case of significant improvement in toll revenues and improvement in cash flows from operations. Conversely, the outlook may be revised to 'Negative' in case of sharp decline in toll revenues or cash flow and/or lack of timely support from the sponsor.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	10.10	0.00	0.00
EBITDA	Rs. Cr.	-119.42	-111.79	-0.01
PAT	Rs. Cr.	0.50	0.00	0.00
EBITDA Margin	(%)	-1182.08	0.00	0.00
PAT Margin	(%)	4.95	0.00	0.00
ROCE	(%)	1.06	0.37	0.11
Total Debt/Tangible Net Worth	Times	162.49	25.18	5.35
PBDIT/Interest	Times	1.83	1.00	1.00
Total Debt/PBDIT	Times	123.04	515.39	1587.54
Gross Current Assets (Days)	Days	358	0	0

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not available

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
April 03, 2018	Term loans	Long Term	40.00	SMERA A-/Stable (Assigned)
	Term loans	Long Term	10.00	SMERA A-/Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	40.00	SMERA A- / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	40.00	SMERA A- / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	47.40	SMERA A- / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	45.60	SMERA A- / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA A- / Stable (Assigned)

Contacts

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 suman.chowdhury@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in
Vishal Choudhary Senior Analyst - Rating Operations Tel: 022-67141159 vishal.choudhary@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a

SMERA Ratings Limited

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059

CIN: U74999MH2005PLC155683 | SEBI Permanent Registration No.: IN / CRA / 006 / 2011

recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.