



Press Release
Bansal Pathways Damoh Katni Private Limited
February 27, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	226.00	ACUITE BBB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	226.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE Triple B Plus**) on the Rs. 226.00 crore bank facilities of Bansal Pathways Damoh Katni Private Limited (BPDKPL). The outlook is '**Stable**'.

Rationale for Rating Reaffirmation

The rating of Bansal Pathways (Damoh-Katni) Private Limited (BPDKPL) takes into account the extensive experience of its sponsor's as an established EPC player and developer of various BOT road projects, toll with annuity based projects among others. The rating also factors in the track record of timely receipt of 16 bi-annual annuities of Rs.17.76 crore each from concession authority i.e. Madhya Pradesh Road Development Corporation (MPRDC) along with bonus annuity of Rs.~Rs.23 crores for early completion of the project and stable toll revenues till September 2023. The ratings also take into account the adequate liquidity position of the company with the presence of a debt service reserve account (DSRA) with waterfall mechanism. However, the rating is constrained by the inherent risk associated with traffic volumes and expenses required for operation and maintenance (O&M) for the road.

About the Company

Bansal Pathways Damoh Katni Private Limited (BPDKPL) is a special-purpose vehicle (SPV) and sponsored by Bansal Construction Works Private Limited (BCWPL). The company was incorporated in 2013 to undertake construction of 2-lane road between Damoh and Katni in Madhya Pradesh. The technical support is provided by Prakash Asphaltting & Toll Highways India Limited. The project road is a section of State Highway-14, with a total length of 117.94 kilometres. The project has been awarded by the Madhya Pradesh Road Development Corporation (MPRDC) is to be executed under BOT plus annuity on a build-operate-transfer basis. The concession period is 15 years and the construction period is 2 years and based on semi-annual annuity payment. BPDKPL signed the concession agreement with MPRDC on 04 June, 2013. The appointed date was obtained in 01 December, 2013. Further, the scheduled COD was August 18, 2015.

Present directors of the company are Mr. Anil Bansal, and Mr. Sunil Bansal.

Unsupported Rating

Not Applicable

Analytical Approach

For arriving at the rating, Acuité has considered the standalone credit profile of Bansal Pathways Damoh-Katni Private Limited (BPDKPL). Further, Acuité has also considered the corporate guarantee from sponsor and DSRA equivalent to one installment of principal and 3 months interest for debt servicing and escrow mechanism with waterfall mechanism, as

specified in the loan sanction letter while arriving at the rating.

Key Rating Drivers

Strengths

Experienced management along with sponsor's experience as developer

The Bansal Group is a civil construction company established in 1980 which 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.

Bansal Pathways Damoh Katni Private Limited (BPDKPL) is a special-purpose vehicle (SPV) and sponsored by Bansal Construction Works Private Limited (BCWPL) in 2013. The SPV has undertaken construction of 2-lane road between Damoh and Katni in Madhya Pradesh. The technical support is provided by Prakash Asphaltting & 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 basis for 15 years.

Timely receipts of annuity payments with early completion of project

BPDKPL has completed the construction and achieved final commercial operation date (COD) in August, 2015, 10 months before the actual COD i.e. in June, 2016. On account of early completion, BPDKPL has received bonus annuity of Rs.23.33 crore in March 2016. Further, the company has also received 16 number of Bi-Annual Annuities of Rs.17.76 crore each within the timelines till September 2023 from MPRDC (Madhya Pradesh Road Development Construction). The annuity payments of the same amount will be received by the company till the concession period i.e. Dec 2028 and the same is expected to be received on time going ahead. Furthermore, the company is also generating revenues from the toll collections from the two tolls present in the constructed road project. The toll generated by the SPV during FY23 stood at Rs.17.44 crores.

Acuité believes that the timely receives of the payment of annuity will remain to be a key monitorable going ahead.

Low counter party default risk

The road project was assigned to BPDKPL by MPRDC which is an undertaking of government of Madhya Pradesh. MPRDC remains responsible for management of roads & highways for the state of Madhya Pradesh. The company has lower counter party risk considering that MPRDC is a government entity and timely track record of providing annuities for the project over the years.

Waterfall Mechanism in ESCROW account and debt-service reserve account (DSRA)

BPDKPL has escrow mechanism through which cash flows from Authority 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 as per borrower's discretion during the concession period. The company has to maintain a DSRA equivalent to one installment of principal and 3 months interest for debt servicing.

Weaknesses

Risk associated with traffic and major maintenance of the road

BPDKPL undertook BOT plus annuity-based project on account of which the company books revenue from toll and annuity. Since the company's revenue is derived from annuity received from MPRDC (Rs.35.51 Crore) and a fraction of revenue from toll (Rs.17.44 Crore) in FY2023, 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. Also, the company has to ensure proper maintenance of the road for the entire concession period so as to be eligible for annuities. Thus, the company is also inherent risks associated with O&M expenses as any increase in such expenses can impact the operating margins and subsequently impact the debt service ability of the company.

Rating Sensitivities

- Timely receipt of annuity payments from MPRDC
- Any deterioration in traffic volumes and increase in O&M expenses may impact the debt servicing ability

Liquidity Position **Adequate**

The liquidity profile of BPDKPL is adequate marked by timely receipt of annuity payments from MPRDC along with toll revenues generated during FY23. The company generated net cash accruals of Rs. ~24 crores in FY23 against debt obligations of Rs.21 crores during the same period. The liquidity of the company is also supported by DSRA account of 12.14 crore as on 31st December 2023

Outlook: Stable

Acuité believes that the outlook on BPDKPL'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.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	52.95	51.04
PAT	Rs. Cr.	5.19	9.15
PAT Margin	(%)	9.80	17.92
Total Debt/Tangible Net Worth	Times	3.09	3.35
PBDIT/Interest	Times	2.45	3.39

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Nov 2022	Term Loan	Long Term	132.00	ACUITE BBB+ Stable (Upgraded from ACUITE BB- Not Applicable)
	Term Loan	Long Term	58.00	ACUITE BBB+ Stable (Upgraded from ACUITE BB- Not Applicable)
	Term Loan	Long Term	33.04	ACUITE BBB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.96	ACUITE BBB+ Stable (Assigned)
09 May 2022	Term Loan	Long Term	40.00	ACUITE BB- Not Applicable (Downgraded & Issuer not co-operating*)
	Term Loan	Long Term	150.00	ACUITE BB- Not Applicable (Downgraded & Issuer not co-operating*)
05 Feb 2021	Term Loan	Long Term	40.00	ACUITE BB (Downgraded & Issuer not co-operating*)
	Term Loan	Long Term	150.00	ACUITE BB (Downgraded & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.60	ACUITE BBB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	Simple	85.40	ACUITE BBB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	Simple	105.00	ACUITE BBB+ Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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