



Press Release
PRA Hatibena Badakumari Expressway Private Limited
February 13, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	325.00	ACUITE BBB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	325.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB**' (read as **ACUITE t riple B**) on the Rs 325 Cr bank facilities of PRA Hatibena Badakumari Expressways Private Limited (PRA HBEPL). The outlook is '**Stable**'.

Rationale for the reaffirmation:

The rating reaffirmation factors in the technical, operational and funding support from Barbrik Project Limited and PRA India Private limited, referred as Barbrik group (rated at Acuite A/Stable/A1) to PRA HBEPL. Barbrik group has issued corporate guarantees for the loans availed by PRA HBEPL. The rating also considers the fact that the project is being developed on a hybrid annuity model (HAM) where revenue risk is low post-commencement of project execution. Moreover, the company has successfully completed 9 milestones i.e. more than 80 percent physical progress as on Jan 31, 2024.

However, the rating is partially constrained on account of moderate implementation risk, susceptibility to risks related to delay in receipt of annuity and changes in operational cost & interest.

About the Company

PRA Hatibena Badakumari Expressways Private Limited (PRA HBEPL) was incorporated in May 2021 by Barbrik Project Limited (74 percent stake) and PRA India Private Limited (26 percent stake). PRA HBEPL is a special purpose vehicle to undertake six lane Hatibena-Badakumari section of NH130 from 145+500 Km to 179+000 Km in the state of Odisha on Hybrid Annuity Model (HAM). The project covers a length of 32.50 Km at a project cost of Rs 865 Cr.

The project was awarded by National Highway Authority of India (NHAI) for a concession period of 17-years including construction period of 2 years. The project's EPC contractor is PRA India Private Limited. PRA HBEPL is eligible for mobilization advance from NHAI. The mobilization advance will be around 10% of the project cost which will be paid in two equal installments.

About the Group

Barbrik Project Limited (BPL) was established as a partnership firm in 1985 and subsequently converted into a private limited company in 2008. The entity has been promoted by the Agarwal family of Chhattisgarh and is engaged in the construction of roads, bridges and highways. The company is a registered contractor for Public Works Department (PWD) of Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha and Bihar along with National Highway Authority of India (NHAI) and State Highway Authority of Jharkhand (SHAJ). The company is also engaged in undertaking logistic service for Central Coalfield

Limited,Northern Coalfield Limited and Adani Enterprises Limited. Currently, the company is managed by Mr. Ramesh Kumar Agrawal , Mr. Rajesh Kumar Agrawal , Mr. Kanhaiya Lal

Chhattisgarh based, PRA India Private limited (PIPL) was incorporated in 2019 by Mr. Rajesh Kumar Agrawal. The company is engaged in civil construction work and currently undertakes projects subcontracted by Barbrik Project Limited.

Unsupported Rating

ACUITE BB+/Stable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of PRA Hatibena Badakumari Expressways Private Limited (PRA HBEPL) and notched up the standalone rating by factoring in the financial and operational linkages with Barbrik Project Limited (rated at Acuité A/Stable/A1) and PRA India Private Limited (rated at Acuité A/Stable/A1).

Key Rating Drivers

Strengths

- **Strong parentage**

PRA HBEPL was promoted by Barbrik Project Limited (rated at Acuité A/Stable/A1) and PRA India Private Limited (rated at Acuité A/Stable/A1) in Jan 2024. Barbrik Project Limited is the lead sponsor and PRA India Private Limited is the EPC Contractor for PRA HBEPL. Barbrik Group is a reputed EPC player in Chattisgarh and has almost three decades of experience in construction of roads and highways. The current order book of Barbrik group comprises of 75 percent of orders related to construction, upgrading and widening of highways issued by NHAI, MORTH, PWDs and SHAJ. The group has executed similar kinds of road projects in EPC mode. This reduces implementation risk partially. Moreover, the group has strong financial flexibility as reflected from its healthy financial risk profile and adequate liquidity profile. Total EPC cost is around Rs 767.57 Cr which is being funded through Rs 100 Cr of promoter contribution, Rs 346 Cr of grant from NHAI as per concession agreement and remaining Rs 321.57 Cr from external borrowing which has been guaranteed by both the sponsors. Promoter has already infused around Rs 84 Cr in the form of equity and unsecured loans to fund the project execution. The company has tied up debt funding with Bank of baroda and Indian bank for Rs. 321 Cr, of which ~ 60 percent e amount has been availed till Jan 2024.

- **Benefits derived from the annuity-based revenue model**

PRA HBEPL has signed a concession agreement with NHAI for contractual payment in the form of grants and annuities. PRA HBEPL will receive 40 percent of project cost in form of grants during the construction period. The remaining 60 percent of project cost shall be payable in the form of 30 semi-annual annuities spread over a period of 15 years post achievement of COD. The project being developed has an annuity-based revenue model. Under this model, the NHAI makes bi-annual payment over the concession period to the concessionaire. The company does not bear any traffic risk as it will recovers whole of the capital cost through annuity. Further, bi annual operational and maintenance expense and interest cost reimbursement to the extent of bank rate+3 percent will be given to the concessionaire during the concession phase. The company has achieved 80 per cent construction stage against which it has received 10 per cent mobilisation advances and Ninth milestone payment from the authority till Jan, 2024 and tenth and eleventh milestone payment is expected to receive in next two months.

- **Low funding risk**

The project has debt tie-up of Rs 321.6 Cr to partly finance the project. As of Jan 2024, ~ 60 percent of the amount has been disbursed. PRA HBEPL is required to maintain a debt service reserve account (DSRA) equivalent to 6 months of the repayment obligation i.e.

towards 1 instalment of principal and 6 months of interest from the receipt of first 2 annuities, that provides additional comfort. In addition, the company is required to maintain an escrow account with the bank. The repayment of term loan will commence after 6 months of scheduled COD. The term loan will be repaid through 26 structured half yearly instalments.

Weaknesses

- **Moderate Implementation Risk**

PRA HBEPL has achieved 80% physical progress as of Jan 2024 and will achieve the tenth and eleventh milestone by April 2024. Further, the implementation risk is also mitigated to some extent considering sponsor's established experience of over 4 decades in construction of roads and highways and strong operational and funding support.

Rating Sensitivities

- Achievement of milestones as per schedule.
- Deterioration in financial risk profile or liquidity profile of the sponsor.

Liquidity Position: Adequate

The company has adequate liquidity profile marked by strong resource mobilization from its sponsor entities. Promoter's have infused substantial amount of funds to execute the order. In addition, company received cash inflow of Rs 86.50 Cr from NHAI as mobilization advance against Bank Guarantee which is sublimit of sanctioned term loan. The said amount is being adjusted against grant. The repayment of term loan will commence from 31st October 2024 that is seven months from the scheduled COD which helps to mitigate any potential liquidity mismatch.

Outlook: Stable

Acuité believes that the outlook on SRPPL's rated facilities will remain 'Stable' over the medium term on account of steady flow of milestone payments and annuity from the government coupled with strong support of sponsors. The outlook may be revised to 'Positive' in case of significant improvement in free cash flow from operations. Conversely, the outlook may be revised to 'Negative' in case of delays in completion of the project 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.	253.09	0.00
PAT	Rs. Cr.	(4.67)	0.00
PAT Margin	(%)	(1.85)	0.00
Total Debt/Tangible Net Worth	Times	3.96	183.45
PBDIT/Interest	Times	(1.77)	0.00

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>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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. -or 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
21 Nov 2022	Proposed Term Loan	Long Term	3.40	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	165.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	156.60	ACUITE BBB Stable (Assigned)

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 Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.40	ACUITE BBB Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2037	Simple	156.60	ACUITE BBB Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2037	Simple	165.00	ACUITE BBB Stable Reaffirmed

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

- Barbrik Projects Ltd
- PRA India Private Limited

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Moparthy Anuradha Devi Analyst-Rating Operations Tel: 022-49294065 moparthy.anuradha@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a 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. Ratings assigned by Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Ratings assigned by Acuité 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.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.