



Press Release
PALGHAR ROAD PROJECT PRIVATE LIMITED
August 14, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	67.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	67.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of ‘**ACUITE A-**’ (read as **ACUITE A Minus**) on the Rs. 67.00 crore bank facilities of Palghar Road Project Private Limited (PRPPL). The outlook is ‘**Stable**’.

Rationale for Rating

The rating reaffirmation considers the presence of a strong sponsor i.e Milan Road Buildtech LLP who continue to extend financial aids to the special purpose vehicle (SPV) as and when needed. Further, the rating factors the maintenance of major maintenance reserve account (MMRA) and debt service reserve account (DSRA) equivalent to half year instalments and six months interest along with escrow mechanism. However, while the project's receipts have low risk due to fixed annuity amounts, the rating continues to remain constrained by the delay in annuity receipts from the authority over the past 3-4 annuity schedules. Further, any significant changes in the operation & maintenance (O&M) costs or interest costs impacting the debt serviceability shall be a key rating monitorable.

About the Company

Incorporated in 2018, Palghar Road Project Private Limited is a wholly owned special purpose vehicle (SPV) sponsored by Milan Road Buildtech LLP (MRBL) for construction of two lanning with unpaved shoulders from Safale Manda Tembhi Khodave Km 0/00 to 9/100 Taluka District – Palghar, Tarapur MIDC Area from Nandore Mann Kallore road Km 0/00 to 9/200 Taluka District – Palghar, Parnali Palghar Road Km 0/00 to 14/900 Taluka District – Palghar, Chinchani Ashagad Udhva Km 0/00 to 34/500 in Taluka Dahanu District Palghar. The project is in the state of Maharashtra under Maharashtra Road Improvement Programme (MRIP) on Hybrid Annuity Mode with PWD Maharashtra (Concession Authority). Presently, Mr.Alpeshbhai Girishbhai Patel, Mr.Bhavesbhai Chandubhai Patel and Mr.Amishkumar Surendra Rawal are the directors of the company.

Unsupported Rating

Not Applicable

Analytical Approach

For arriving at the rating, Acuité has considered the standalone credit profile of PRPPL.

Key Rating Drivers

Strengths

Benefits derived from the annuity-based revenue model

The project developed has an annuity-based revenue model. Under this model, the PWD, Maharashtra makes bi-

annual payment over the concession period to the concessionaire. The company does not bear any traffic risk as it recovers whole of the capital cost through annuity. Further, bi-annual operational and maintenance expense and interest cost are reimbursed to the extent of bank rate +4.25 per cent. The company had achieved 100 per cent construction stage in December 2021, against which it received 10 per cent mobilisation advances and all milestone payments from the authority. Further, the company has received the final completion certificate and 6

annuity payments from the authorities.

Strong sponsor profile

Led by the Patel family, MRBL has more than fifteen years of experience in the construction business and has established a track record for successful project execution. MRBL had initially contributed almost full funding to this project and continues to provide financial aids to the company on need basis. Further, the sponsor has also extended a corporate guarantee and shortfall undertaking towards the debt availed by the SPV.

Waterfall mechanism in escrow account

PRPPL 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 company's discretion during the concession period. Furthermore, the company maintains a MMRA (Rs 6.77 Cr. as on 31st March 2025) & DSRA (O/s Rs. 6.26 Cr. as on 31st March 2025) equivalent to half year instalments and six months interest which provides additional liquidity cushion.

Weaknesses

Delay in receipt of annuity

While the revenue obligations are fixed basis the annuity schedule, there have been substantial delays in the annuity receipts from the authority over the past 3-4 receipts. Further, the annuity due in May 2025 is yet to be received. Furthermore, the debt repayments have been managed through sponsor aids. However, prolonged delays in annuity may impact the debt serviceability, therefore, remain a key rating sensitivity.

Inherent operation & maintenance and interest fluctuation risk

The company is required to ensure and carry out major maintenance of the road for the entire concession period, to be eligible for annuities. The last major maintenance was carried out in 2024-25 for Rs.10.94 Cr. and next maintenance is due in 2028-29 for ~Rs.20.00 Cr. Additionally, the company is also exposed to 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. Further, the debt interest rates are linked to the MCLR rate and along with fixed annuities, project receives interest payments on the balance annuities that are linked to the prevailing bank rate, therefore, fluctuations in interest rates may impact the debt obligations of the company.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

The borrower maintains DSRA of an amount equivalent to the half year instalments and six months of interest along with escrow mechanism.

Stress case scenario

Acuite believes that, given the presence of DSRA and waterfall mechanism, PRPPL will be able to service its debt on time, even in a stress scenario.

Rating Sensitivities

- Timely receipt of annuity payments from PWD Maharashtra
- Continued financial assistance of the sponsor
- Any increase in O&M cost or interest rates impacting the debt serviceability

Liquidity Position

Adequate

PRPPL's liquidity position is adequate marked by receipt of annuity and continued financial assistance from the sponsor towards repayment of debt obligations. The presence of MMRA & DSRA provides additional liquidity cushion. Further, the debt service coverage ratio is expected to remain moderate in the range of 1.30 – 1.35 times over the balance debt tenor.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	10.26	12.77
PAT	Rs. Cr.	0.42	(1.92)
PAT Margin	(%)	4.09	(15.06)
Total Debt/Tangible Net Worth	Times	4.44	4.72
PBDIT/Interest	Times	1.04	0.82

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, 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. 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	
16 May 2024	Proposed Long Term Bank Facility	Long Term	0.20	ACUITE A-	Stable (Reaffirmed)
	Term Loan	Long Term	66.80	ACUITE A-	Stable (Reaffirmed)
16 Feb 2023	Term Loan	Long Term	66.80	ACUITE A-	Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.20	ACUITE A-	Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.68	Simple	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	14 Nov 2022	Not avl. / Not appl.	31 Jan 2030	55.32	Simple	ACUITE A- Stable Reaffirmed

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About Acuité Ratings & Research

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