



**Press Release**  
**Bansal Pathways N R R - 2 Private Limited**  
**April 10, 2024**  
**Rating Reaffirmed and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	222.01	ACUITE BB+   Reaffirmed & Withdrawn	-
Bank Loan Ratings	237.63	Not Applicable   Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	459.64	-	-

### Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating to '**ACUITE BB+**' (read as **ACUITE Double B plus**) on the Rs 222.01 crore bank facilities of BANSAL PATHWAYS N R R - 2 PRIVATE LIMITED (BPNRR2). Further, Acuite has withdrawn the proposed long-term facilities without assigning any rating on Rs 237.63 crore of BANSAL PATHWAYS N R R - 2 PRIVATE LIMITED (BPNRR2). The rating has been withdrawn on Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility. The rating has been withdrawn on account of the request received from the company, and the NOC (No Objection Certificate) received from the banker.

#### Rationale for rating Reaffirmation

The rating reaffirmation reflects the strong support from its sponsor Bansal Construction Works Pvt Ltd (BCWPL) which has 99.99 percent of shareholding in the company. BCWPL has an established track record of operations of over three decades in engaged in all verticals of the infrastructure construction domain including cash contracts on Engineering Procurement and Construction (EPC) basis, PPP (Public Private Partnership) model through BOT contracts, BOT (Annuity+ Toll) Projects, BOT (Annuity) projects, Hybrid Annuity Mode (HAM) projects for government clients like NHAI and Madhya Pradesh Road development corporation limited (MPRDCL). 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 susceptibility of delay in completion of project thereby leading to delay in receipt of milestone and annuity payments and change in operational and interest cost.

#### About the Company

BANSAL PATHWAYS N R R - 2 PRIVATE LIMITED is a SPV of Bansal Group and was incorporated to undertake construction of four lane standalone ring road bypass in Nagpur of 28.035 Km. Such project was initially executed by an SPV of another construction company and BPNRR2 was awarded the project in September 2021 and NHAI Approval was received in January 2022. The project was awarded by NHAI under the hybrid annuity mode. The concession agreement was signed for 17.5 years with a construction period of 2.5 years. The scheduled completion date for the project is October 2023.

#### About the Group

Bansal Construction Works Private Limited (BCWPL) is the flagship company of Bansal Group, Bhopal (M.P.). The company was incorporated on June 28, 2010 to undertake construction

works (both private and government sector), road construction, infrastructure development works, and other developmental works. Bansal Construction Works Private Limited was promoted by Mr. Sunil Bansal and Mr. Anil Bansal of the Bansal Group of Bhopal and is presently engaged in all verticals of the infrastructure construction domain, including the mode of cash contracts on an Engineering Procurement and Construction (EPC) basis, the PPP (Public Private Partnership) model through BOT contracts, BOT (Annuity+Toll) projects, BOT (Annuity) projects, Hybrid Annuity Mode (HAM) projects, and the construction and development of various government facilities. It was incorporated in 2010 in Madhya Pradesh.

## Unsupported Rating

ACUITE BB

## Analytical Approach

For arriving at the rating, Acuite has considered the standalone business and financial risk profile of BANSAL PATHWAYS N R R - 2 PRIVATE LIMITED (BPNRR2) which is strengthened by the support from its sponsor company Bansal Construction Works Pvt Ltd (BCWPL) whenever required by BPNRR2. Further, Acuite has also considered the corporate guarantee of the promoter company will be available till the perfection of DSRA and personal guarantee of promoters till receipt of 2nd annuity.

## Key Rating Drivers

### Strengths

#### Experienced management along with extensive experience of sponsor

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 NRR2 Pvt Ltd (BPNRR2) is a special-purpose vehicle (SPV) and sponsored by Bansal Construction Works Private Limited (BCWPL) in 2021. The SPV has undertaken construction of four lane standalone ring road bypass in Nagpur of 28.035 Km. The funding and technical support is provided by Bansal Construction Works Pvt Ltd. The project has been awarded by NHAI and is executed under Hybrid Annuity mode with a concession period of 17.5 years.

#### Annuity based revenue model

The project being constructed under hybrid annuity model. Under this model, NHAI reimburses 60% of the construction cost on milestone basis thereafter making bi-annual annuity payments 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. The company has completed physical progress upto 82% as of march 2024 and is expected to complete 100% construction by June 2024. Along with annuity payments, interest shall be payable to BPNRR2 on reducing the completion cost net of construction grants at a rate equal to Bank Rate plus 3%. Further, NHAI shall also reimburse Operating and maintenance expense adjusted to Price Index Multiple on the annuity payment dates to BPNRR2.

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

BPNRR2 has escrow mechanism through which cash flows from authority is routed and used for payment as per the defined payment waterfall. The company also has to maintain DSRA equivalent to 6 months interest and operating expenses at the time of COD and 6 months equivalent interest and principal is to be maintained on after receipt of 1<sup>st</sup> Annuity. Further, corporate guarantee of sponsor is available till the perfection of DSRA. Any shortfall in debt servicing and shortfall in resources required for completion of project are to be met through support from BCWPL.

## **Weaknesses**

### **Susceptibility of delay in completion of project**

The project is under construction phase and is 82 percent complete as on March 2024. The SPV has applied for the milestone payments for the construction undertaken as on date company has achieved 3 out of 4 milestone payment of Rs.168.39 Crores and expects to receive the last milestone in line with the COD. Further, Rs. 182 crore of NHAI grant and Rs. 144 crore of undisbursed term loans are also available for completion of the project.

### **Susceptibility to risks related to delay in receipt of annuity and changes in operational cost & interest rate**

As per the concession agreement, the company is expected to receive a semi-annual annuity after completion of the construction. Any delay in timely completion and receipt of the annuity could adversely impact debt-servicing ability. Along with fixed annuities, the project will receive interest payments on the balance annuities that are linked to the bank rate plus 3%. Further, the company is exposed to risks related to maintenance of the project. If the prescribed standards are not met, annuity payment may be reduced. Any significant delay and deduction in annuities could impact the debt servicing ability of the company. However, strong track record of sponsor, who is also the O&M contractor, is expected to mitigate this risk.

### **Rating Sensitivities**

Timely completion of project

Timely receipt of annuity payments from the Government

Significant deterioration in the sponsor's credit profile

### **Liquidity Position**

#### **Adequate**

Liquidity position of BPNRR2 is adequate marked by strong funding and technical support from its sponsor BCWPL. The project has received 3 out of 4 milestones and the last milestone is expected to be achieved in line with the COD. Further, Rs. 182 crore of NHAI grant and Rs. 144 crore of undisbursed term loans are also available for completion of the project. The term loans availed from banks also enjoy a moratorium and principal repayments start from June 2024.

Acuite believes that the liquidity position of the company is likely to remain adequate on account of the continued funding support from its sponsor and likely achievement of COD as per the terms of concession agreement thereby leading of timely receipt of annuity.

### **Outlook: Not Applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	60.42	0.00
PAT	Rs. Cr.	1.85	0.00
PAT Margin	(%)	3.06	0.00
Total Debt/Tangible Net Worth	Times	13.78	9.07
PBDIT/Interest	Times	1.50	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>

### 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Mar 2023	Term Loan	Long Term	98.67	ACUITE BB+   Stable (Assigned)
	Term Loan	Long Term	19.88	ACUITE BB+   Stable (Assigned)
	Term Loan	Long Term	64.86	ACUITE BB+   Stable (Assigned)
	Term Loan	Long Term	38.60	ACUITE BB+   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	237.63	ACUITE BB+   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 Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	237.63	Not Applicable   Withdrawn
India Infrastructure Finance Company Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2037	Simple	98.67	ACUITE BB+   Reaffirmed & Withdrawn
IDBI Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2037	Simple	19.88	ACUITE BB+   Reaffirmed & Withdrawn
Mumbai District Central Co-Op Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2037	Simple	64.86	ACUITE BB+   Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2037	Simple	38.60	ACUITE BB+   Reaffirmed & Withdrawn

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

- 1.Bansal Construction Works Private Limited
- 2.BANSAL PATHWAYS N R R - 1 PRIVATE LIMITED
- 3.BANSAL PATHWAYS N R R - 2 PRIVATE LIMITED

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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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