



Press Release
BAMA HIGHWAYS PRIVATE LIMITED
January 06, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	578.00	ACUITE BBB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	578.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned long term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on Rs. 578 Cr. bank facilities of Bama Highways Private Limited. The outlook is '**Stable**'.

Rationale for Rating

The rating derives comfort from the financial and operational support from R K D Constructions Private Limited (rated at Acuite A /Stable/A1). The rating factors 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 achieved financial closure to fund its project and also received its appointment date i.e 8th October, 2024.

About the Company

Orissa based, BAMA Highways Private Limited (BHPL) was incorporated in the year 2023. It is a special purpose vehicle company promoted by RKD Construction Private Limited (the Project Sponsor) to undertake "Construction of four laning of Bakarpur-Manikpur road section starting from village Chitarsenpur and terminating at SH-74 near Manikpur (38+814) at NH-139W under Bharatmala Pariyojna on HAM mode in the state of Bihar." The operations are managed by Mr Swayam Prakash Das and Mr Rohan Das.

Unsupported Rating

ACUITE BB/Stable

Analytical Approach

Acuite has considered the standalone business and financial risk profile Bama Highways Private Limited (BHPL) and notched up the standalone rating by factoring in the financial and operational linkages with R K D Constructions Private Limited.

Key Rating Drivers

Strengths

Strong Parentage

R K D Constructions Private Limited is the EPC Contractor and sponsor for BHPL. RKDCPL is a reputed EPC player in Odisha and has experience in construction of roads and highways. The group has executed similar kinds of road projects in EPC mode which leads to reduction of implementation risk. Moreover, the group has strong financial flexibility as reflected from its healthy financial risk profile and adequate liquidity profile. Total project cost is around Rs 1212.84 Cr. which is funded through Rs 72.25 Cr. of equity contribution, Rs. 72.25 Cr. of subordinated unsecured loans, Rs 490.34 Cr. of construction support from National Highways Authority of India (NHAI) and remaining Rs 578.00 Cr. as term loan from State Bank of India.

Low Revenue Risk

BHPL has signed an agreement with NHAI for contractual payment in the form of grants and annuities. The project cost is Rs. 1121.65 Cr. (excluding GST) BHPL will receive 40 percent of project cost in form of grants during the construction period. The remaining 60% of project cost shall be payable in the form of 30 semi-annuities spread over a period of 15 years post achievement of commercial operation date (COD). The project has an escalation clause which helps the company to mitigate the material fluctuation risk. The annuities will also include interest on

remaining completion cost. The interest will be calculated on average MCLR rate plus 1.20 percent.

Weaknesses

Susceptibility to risks related to the tender-based nature of operations and competition

SPV remains exposed to inherent cyclicalities in the construction industry and volatility in profits. Though industry prospects seem healthy over the medium term with increased central government focus on the infrastructure sector (especially roads and highways), most of the projects are tender-based and players face intense competition and bid aggressively for contracts.

Rating Sensitivities

Achievement of milestones as per schedule

Timely infusion of funds by promoters in the form of equity and unsecured loans

Liquidity Position

Adequate

The company has adequate liquidity profile marked by strong resource mobilization from its parent entity.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(0.03)	0.00
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	(0.57)	0.00
PBDIT/Interest	Times	(0.38)	0.00

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.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. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History:Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Term Loan	12 Feb 2024	Not avl. / Not appl.	12 May 2040	578.00	Simple	ACUITE BBB+ Stable Assigned

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

Sr. No.	Company name
1	Bama Highways Private Limited
2	R K D Constructions Private Limited

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About Acuité Ratings & Research

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