



Press Release

Beohari Bansukli Pathways Private Limited (BBPPL)

November 04th, 2020

Sl. No.	Instrument/Facility	Amount (INR Crore)	Supported Rating*
1.	Proposed Long Term Bank Facility – Proposed Term Loan	20.16	IVR BBB (CE)/Stable Outlook {IVR Triple B (Credit Enhancement) with Stable Outlook}
2.	Proposed Short Term Bank Facility – Bank Guarantee	18.20	IVR A3+ (CE) {IVR Single A Three Plus (Credit Enhancement)}
	Total	38.36	

**CE Rating based on proposed corporate guarantee to be extended by Udit Infraworld Private Limited.*

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the above proposed bank facilities of Beohari Bansukli Pathways Private Limited derives strength from proposed corporate guarantee to be extended by Udit Infraworld Private Limited to the bank facilities of BBPPL. This proposed corporate guarantee results in an enhancement in the rating of the said instrument to IVR BBB(CE)/Stable; IVR A3+ (CE) (IVR Triple B [Credit Enhancement] with Stable Outlook; IVR A Three Plus [Credit Enhancement]) against the unsupported rating of IVR BB/Stable (IVR Double B with Stable Outlook)

Further, the rating derives strength from benefits derived from technical & financial support from the sponsor, benefits derived from annuity-based revenue model and waterfall mechanism in escrow account. However, the rating strengths are partially offset by exposure to project implementation risk.

Key Rating Sensitivities:

- **Upward Factor**
 - Diversified order book with multiple HAM projects within the standalone entity
 - Improvement in the credit risk profile of the corporate guarantor



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- **Downward Factor**

- Delays in execution of project or cost overruns or any milestone payment leading to increased dependence on external borrowings, leading to deterioration in debt protection metrics
- Deterioration in the credit profile of the corporate guarantor.

Key Rating Drivers with detailed description

Key Rating Strengths

- ***Technical & financial support from the sponsor:***

The Company is likely to benefit from the experience and track record of Udit Infraworld Private Limited (UIPL) in the road infrastructure sector. In the last one decade, UIPL has executed an overall order value of INR703.56 Crore of various departments like PWD, NHAI, MPRDC, etc. It is led by Mr. Abhay Mishra (over 25 years of experience) and Mr. Umakant Sharma (more than 10 years of experience), which shall help the Company in establishing and maintaining healthy relations with the clients and sanctioning authorities. The promoter's strong entrepreneurial experience and long track of operations will support its business risk profile over the medium term.

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

The project to be developed has an annuity-based revenue model. Under this model, Government of Madhya Pradesh makes bi-annual payments over the concession period to the concessionaire. BBPPL shall receive healthy ROW and substantial approvals, which are critical during the construction phase of the project. The project also benefits from expected receipt of mobilization advance to the tune of 10% of the bid project cost (BPC) post the receipt of appointment date. To be precise, the favourable clauses of the model include lower sponsor contribution due to high proportion of grant, inflationary adjustment to project cost and O&M cost, disbursement of grant in instalments upon achievement of various milestones and payment of interest by MPRDC on reducing balance of Bid Project Cost during operation phase at bank rate plus 2%, as a part of the annuity

- ***Waterfall mechanism in Escrow account:***

BBPPL shall have waterfall mechanism through which cash flows in form of annuity from the authority will be routed and used for payment of the term debt availed. It ensures the annuity



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receivables are escrowed to meet the principal payment and interest payments. Also, UIPL (Sponsor Company) has provided an undertaking regarding the financial support for the proposed bank debt availed.

Key Rating Weaknesses

- ***Exposure to project implementation risk:***

The Company faces moderate project implementation risk as the project is only in the nascent stage, with its appointment date yet to be finalized. Also, as the EPC of the said project will be done in-house, the Company is exposed to inherent construction risk attached to EPC projects. Construction support from the government entity in the form of grants shall be on physical progress of the project; i.e. on milestone basis. Any delays in meeting the milestone achievement shall lead to cost-overruns and added penal charges. The Group has a successful history in timely completion of its orders while ensuring utmost quality.

Analytical Approach &Applicable Criteria:

Unsupported Rating: Standalone

Credit Enhancement (CE) rating: Assessment of the credit profile of Udit Infraworld Private Limited, provider of proposed corporate guarantee to the bank facilities of BBPPL

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Adequate

The liquidity is expected to be adequate backed by consistent support from sponsor and authority in the form of milestone payments and annuity.

About the Company

Beohari Bansukli Pathways Private Limited (BBPPL) sponsored by Udit Infraworld Private Limited (UIPL) is a Special Purpose Vehicle (SPV) acting for rehabilitation and upgradation of roads under public-private partnership in Madhya Pradesh. Madhya Pradesh Road Development Corporation Ltd (MPRDC) has awarded road stretch project comprising development of Two laning of Beohari – Bansukli – Sidhi road in the state of Madhya Pradesh from 0.00Kms to 55.59 Kms on Hybrid Annuity Mode for a Concession Period of 12 years which includes separate construction period of 730 days i.e. 2 years and separate Maintenance Period of 10 Years to Beohari Bansukli Pathways Private Limited as



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concessionaire. The project was awarded on the basis of lowest amount of Bid Project Cost i.e. INR113.73 Crore

Financials: N.A

About the Guarantor

Incorporated as 'Abhay Contractors Private Limited' in the year 2003, it was reconstituted into a private limited company as Udit Infraworld Private Limited in 2009. Currently it is engaged in construction, repairs and maintenance of roads and bridges in Madhya Pradesh. The company specializes in State & National Highways, City Roads, Transport Corridors, Culverts and Bridges. Apart from UIPL&BBPPL, the promoters have extended presence in the similar industry via other SPVs which are into execution/OMT (Operate-Maintain-Transfer) of different road projects and have already achieved COD and are revenue generating.

Financials: UIPL (Standalone)

(INR Crore)

For the year ended/ As On*	31-03-2018 (Audited)	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	148.00	126.62	190.31
EBITDA	18.54	20.57	28.63
PAT	7.22	7.56	12.37
Total Debt	13.16	18.66	15.50
Tangible Net-worth	34.14	41.51	53.88
EBITDA Margin (%)	12.53	16.25	15.04
PAT Margin (%)	4.88	5.97	6.50
Overall Gearing Ratio (x)	0.39	0.45	0.29

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:N.A

Any other information: N.A



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Rating History for last three years:

Sl. No	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Proposed Long Term Bank Facility – Proposed Term Loan	Long Term	20.16	IVR BBB (CE) /Stable	--	--	--
2.	Proposed Short Term Bank Facility – Bank Guarantee	Short Term	18.20	IVR A3+ (CE)	--	--	--

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Size of Facility (INR Crore)	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Rating Assigned/ Outlook
Proposed Long Term Bank Facility – Proposed Term Loan	20.16	NA	NA	NA	IVR BBB (CE) /Stable
Proposed Short Term Bank Facility – Bank Guarantee	18.20	NA	NA	NA	IVR A3+ (CE)