



Press Release

MCGN Infra Private Limited

April 2, 2025

Ratings

Instrument Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facility	51.00 (reduced from 57.80)	IVR BBB/ Positive (IVR triple B with Positive outlook)	IVR BBB/ Positive (IVR triple B with Positive outlook)	Rating reaffirmed	Simple
Total	51.00 (INR fifty one crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the long-term rating assigned to the bank facilities of MCGN Infra Private Limited (MIPL) considers operational nature of the project with stable revenue stream, experienced promoters & management team along with good resource raising ability of the sponsor and adequate debt protection metrics. However, these rating strengths are partially constrained due to exposure to post-construction risk and maintenance of project stretch and counterparty risk with delays in annuities.

The long-term rating outlook is 'Positive' on the account of improved business risk profile, due to commencement of annuity receipts, presence of waterfall mechanism in escrow account, maintenance of DSRA and expected operational and financial support from the sponsor.

Key Rating Sensitivities:

Upward Factors

- Track record of timely receipt of future annuities and maintenance of adequate reserve for major maintenance, leading to improvement in the cumulative DSCR

Downward Factors

- Significant delay in receipt of annuities or deductions in annuity payment
- Higher-than-envisaged O&M costs leading to lower-than-expected cumulative DSCR



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Operational nature of the project with stable revenue stream**

MIPL has completed the project and achieved the COD in January 2021, which was before the scheduled completion time that is June 2021. The achievement of COD primarily eliminates the execution risks. The project was funded through construction grant from the state government entity (60% of BPC) and the rest was predominantly funded through a term loan from the Bank of India. The project's revenues are in the form of annuities and therefore is expected to have a stable revenue stream. Also, the HAM project includes indexation of the operation and maintenance (O&M) cost to inflation, along with interest payments on residual annuity payments during the operational period. Nonetheless, given the limited track record of timely annuity payments by PWD Maharashtra, the same will remain a key credit monitorable.

- **Experienced promoters & management team along with good resource raising ability of the sponsor**

The promoters of the sponsor company – GNI Infrastructure Private Limited (GIPL) have an experience of more than a decade in the infrastructure sector and are registered as Class A-1 contractor with PWD Maharashtra. With their long extensive experience, they are able to build healthy relationships with government authorities and suppliers. While the given Hybrid Annuity Model (HAM) project is the first venture of Manjeet Cotton Private Limited (MCPL) in the infrastructure sector, the company enjoys good resource raising ability in the market due to its long-standing presence of almost four decades in the cotton industry. The day-to-day operations of MCGN are looked after by a team of experienced and qualified professionals under the guidance of the promoters of its sponsor companies.

- **Adequate debt protection metrics**

The company's DSCR is expected to remain adequate over the medium term. The repayment of the debt commenced from November 2021, onwards and is spread out over the concession period, which is expected to provide liquidity buffer for debt repayment. The waterfall mechanism ensures that annuity receivables are escrowed to meet the principal repayment and interest payments. As per the terms of sanction of the project debt, the company maintains DSRA of an amount equivalent to next six months of interest payment due and one instalment



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of principal payable in respect of term debt facility. The principal and interest payment would be made by utilizing the amounts in DSRA.

Key Rating Weaknesses

- **Exposure to post-construction risk and maintenance of project stretch**

While the inflation-indexed O&M annuity partly mitigates O&M risk, the disparate movement in inflation index and the O&M cost heads poses a risk. Besides, the company could face the risk of a sharp increase in the O&M cost in the event, wear and tear on the road is more than the extent envisaged during bidding and aggressive bidding in O&M cost. However, presence of sponsor undertaking to fund O&M and MM cost in excess of base case assumptions gives comfort from credit perspective.

- **Counterparty risk with delays in annuities**

MIPL has attained the COD and has received seven annuities which was due till January 2025, out of which there were delays in six annuities from 15 days to 65 days. Any delay in annuities from PWD Maharashtra in the future could impact the company's debt-servicing ability.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

[Policy of default recognition](#)

[Criteria on complexity](#)



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Liquidity – Adequate

MIPL's liquidity is adequate, given that its cash flow from operations are expected to be sufficient to meet the debt servicing obligations on the term loan taken for the HAM project. The company maintains DSRA of an amount equivalent to next six months of interest payment due and one instalment of principal payable in respect of term debt facility. Further term loan repayment dates are strategically scheduled with a 4-month buffer period after annuity receipt. This ensures that even if there are minor delays, as experienced in the past, the buffer period provides sufficient time to meet interest and loan repayment obligations without any financial strain.

About the company

MCGN Infra Private Limited (MIPL) is a joint venture floated in December 2018 by Manjeet Cotton Private Limited (MCPL; 37% stake), GNI Infrastructure Private Limited (GIPL; 37% stake) and BP Sangle Constructions Private Limited (BPSCPL; 26% stake). After the COD of the project in January 2021, BP Sangle Constructions exited and now there are two stake holders – MCPL and GIPL. MCPL holds 50% and GIPL holds 50% of share capital in MCGN Infra Private Limited. The company has entered into a 12 year Concession Agreement (CA) (including construction period of 730 days [about 2 years] from the appointed date i.e., May 17, 2019) with Public Works Department (PWD) for the development, maintenance and management of Road SH-224 and Road SH-225 between Badnapur – Nanegaon – Jamkhed towards NH-211 (Length is 31.49 km) and Sillod to Deulgaonraja (SH-51, Length is 23.70 km) to two lanes / four lanes in the State of Maharashtra on hybrid annuity basis. The bid project cost was Rs. 232.00 crore. Since, the company is executing this project via HAM, 60% of the project cost has been funded by PWD, while the remaining 40% would be paid out as annuity by PWD during the operational phase of the project. The project has achieved COD on January 16, 2021, as against the earlier envisaged COD of June 01, 2021. The company has also received seven annuities out of eight annuities which was due till January 2025.



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Financials (Standalone):

(Rs. crore)		
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	12.22	11.56
EBITDA	4.76	5.11
PAT	0.36	0.55
Total Debt	61.88	57.82
Tangible Net Worth (adjusted)	36.11	36.66
EBITDA Margin (%)	38.97	44.24
PAT Margin (%)	2.58	4.02
Overall Gearing Ratio (x)	1.71	1.58
Interest Coverage (x)	0.81	0.79

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-2025	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	
						(Feb 19, 2024)	(Dec 28, 2022)	(Sep 28, 2022)
1.	Term Loan	Long Term	51.00	IVR BBB/ Positive	-	IVR BBB/ Positive	IVR BBB/ Positive	IVR BB+ ISSUER NOT COOPERATING*

*Issuer did not cooperate based on best available information

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (formerly Infomerics Valuation & Rating Pvt Ltd) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Facility Details



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Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	May 2030	51.00	IVR BBB/ Positive

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-MCGN-apr25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

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.