



Press Release

MKC Badarpur Churaibari Kamakhya (Pkg-4) Highways Private Limited

May 15, 2025

Ratings

Instrument Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	315.00	IVR A-/ Stable (IVR Single A Minus with Stable Outlook)	-	Assigned	Simple
Total	315.00 (Rupees Three hundred and fifteen 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

Infomerics Ratings has assigned long term ratings to the bank facilities of MKC Badarpur Churaibari Kamakhya (Pkg-4) Highways Private Limited [MBCK (Pkg-4)]. The ratings derive strength from inherent benefits of Hybrid Annuity Model (HAM), low funding risk, expected operational and financial support from sponsor and concession agreement with strong counterparty, National Highways and Infrastructure Development Corporation (NHIDCL). The rating strengths are, however, constrained by project implementation risk.

The Stable outlook reflects benefits of HAM, low funding risk for the project and operational and financial support expected from sponsor, MKC Infrastructure Limited (MKCIL; rated IVR A+/Stable / IVR A1).

Key Rating Sensitivities:

Upward Factors

- Significant physical progress or completion of the project on or before time within the budgeted cost.
- Timely receipt of first few annuities and creation of Debt Service Reserve Account (DSRA).



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Downward Factors

- Delay in execution of project or cost overruns or delay in any milestone payment leading to increased dependence on external borrowings, leading to deterioration in debt protection metrics.
- Deterioration in credit profile of sponsor, MKCIL.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Inherent benefits of HAM

Under the HAM concession agreement, 80% right of way (ROW) is assured and major approvals have to be provided for declaration of the appointed date. The other benefits of HAM include change of project scope if 100% ROW is not provided within 180 days of the appointed date. Further, the clause on provisional commercial operation date (PCOD), which allows PCOD to be issued on completion of construction on the land made available up to 180 days from the appointed date thereby allowing for full annuities to be paid as if all works of the project have been completed. The project also enjoys cost-escalation assurance provided by NHIDCL in the construction and operational stages.

MBCK (Pkg-4) as on date has received 49.92% ROW at 3H stage, which is critical during the construction phase of the project and declaration of Appointed Date (AD).

Low funding risk

The company has completed the process of financial tie-up for the project at a cost of Rs. 656.05 crore, funded by NHIDCL grant of Rs. 261.56 crore, debt of Rs. 315.00 crore and balance Rs. 79.49 crore through promoters' contribution. As per the terms of HAM, NHIDCL will disburse 40% of the bid project cost during the construction period of the project on achievement of project milestone basis and hence mitigates the funding risk to an extent. MKCIL has provided unconditional & irrevocable corporate guarantee till Commercial Operation Date (COD) for the bank facilities availed by MBCK (Pkg-4).



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Expected operational and financial support from sponsor

MBCK (Pkg-4) will benefit from the operational and financial support of MKCIL, its parent company. As confirmed by the management, apart from cost overrun, MKCIL will fund any increase in operation & maintenance (O&M) expense, major maintenance (MM) expense, creation of DSRA and any shortfall in debt servicing during the operational phase. Further, MKCIL has already signed a fixed-price, fixed-time contract with the company. MKCIL has long standing experience in the execution of construction of roads, expressways, highways, bridges, railway works, buildings, irrigation projects and industrial and other infrastructure projects. Of two ongoing HAM projects with total cost of Rs.1128.80 crore; one has achieved COD on November 18, 2024, and also received first annuity on January 29, 2025, and for the other PCOD has been recommended by Independent Engineer to the authority vide letter dated April 08, 2025. MKCIL has been further awarded eight more HAM projects with total cost aggregating to Rs. 6260.81 crore. Out of the total equity contribution of Rs. 738.65 crore for these projects, MKCIL has already infused Rs. 425.12 crore. The sponsor has the financial flexibility to support its projects, if needed.

Concession agreement with strong counterparty, NHIDCL

NHIDCL was incorporated as a Public Sector Undertaking under the Companies Act, 2013, on July 18, 2014, under the aegis of Ministry of Road Transport & Highways (MoRTH), Government of India. The MoRTH also owns Central Road Research Institute and National Highways Authority of India (NHAI) as its fully owned entities. The company promotes, surveys, establishes, designs, builds, operates, maintains and upgrades national highways and strategic roads including interconnecting roads in parts of the country which share international boundaries with neighbouring countries. The MoRTH allocates funds to NHIDCL from budget allocation. It was Rs.20250 crore for FY24. Considering the strong position of NHIDCL, it is expected that the receipt of grant and annuities will be in a timely manner.

Key Rating Weaknesses

Project implementation risks

MBCK (Pkg-4) faces project implementation risk as the project is at a nascent stage with appointed date expected by July 2025. The concession agreement was signed with NHIDCL on September 17, 2024. As on March 31, 2025, available ROW is 49.92%. Construction period is for 2 years. NHIDCL will disburse 40% of the bid project cost during the construction period on achievement of project milestone basis. The equity required to be invested by MKCIL is



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spread out over two years of construction period. While construction work is yet to start, financial closure has been achieved. The parent, MKCIL is doing the EPC work. Considering the nascent stage of project, it remains exposed to inherent construction risks integral to such EPC projects. Any delays in meeting the milestone achievement may lead to time and cost-overruns and added penal charges. However, the implementation risk is mitigated to an extent as 80% ROW is made available at 3H stage at the time of declaration of AD, fixed-price, fixed-time EPC contract with MKCIL plus escalation linked to the extent of inflation for construction support received from the authority.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Criteria on Parent/Group support](#)

Liquidity – Adequate

Liquidity of the company is expected to remain adequate. The project is currently under construction and the first repayment is scheduled seven months after COD. The funding risk is low as the company has already tied up the debt and MKCIL has infused Rs. 53.77 crore i.e. 67.64% of equity till March 2025. The company will start receiving annuities from NHIDCL after the construction of project. The waterfall mechanism will ensure that annuity receivables will be escrowed to meet the principal repayment and interest payments. Further DSRA for 6 months debt servicing will be created post achievement of COD. MKCIL has provided an undertaking for financial support in case of cost overrun and cash flow mismatches during the construction and operational phases.



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About the Company

MKC Badarpur Churaibari Kamakhya (Pkg-4) Highways Pvt. Ltd. was incorporated on April 12, 2024, as a SPV for development and operation/maintenance of four laning of Badarpur – Churaibari section of NH-37 & NH-8 from design chainage 38.600 (end of proposed Badarpur bypass) to Km. 62.800 (start of proposed Nilambazar/Cheragi bypass) in the state of Assam (Package-IV) on HAM. MKCIL holds 99.99% shareholding in the SPV.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	-	-
EBITDA	-	-
PAT	-	-
Total Debt	-	-
Tangible Net Worth	-	-
EBITDA Margin (%)	-	-
PAT Margin (%)	-	-
Overall Gearing Ratio (x)	-	-
Interest Coverage (x)	-	-

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None.

Any other information: Nil.

Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	-	-
1.	Term Loan	Long Term	315.00	IVR A-/ Stable	-	-	-



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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (formerly known as Infomerics Valuation and 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).

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	-	-	-	December 2040	315.00	IVR A-/ Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-MKCBPkg4-may25.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined 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.