

November 10, 2025

M G Banshidhar Private Limited: Rating reaffirmed; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	363.00	363.00	[ICRA]A- (Positive); reaffirmed with change in outlook to Positive from Stable
Total	363.00	363.00	

*Instrument details are provided in Annexure-I

Rationale

The revision in outlook for the long-term rating to Positive for M G Banshidhar Private Limited (MGBPL) favourably factors in the alleviation of the project execution risk to a large extent on the backdrop of advanced stages of physical progress (~90% as of September 2025 and application made for issuance of certificate declaring provisional commercial operation date (PCOD) w.e.f. September 14, 2025 (which was scheduled commercial operations date (SCOD)). The company has received 9 milestone-based construction grant payments from the National Highway Authority of India (NHAI, rated [ICRA]AAA(Stable)). As per the management, it has been handed over ~96% right-of-way (RoW) and pending work will be completed by the end of FY2026. The first semi-annuity is likely to be received within six months of the PCOD, i.e., in March 2026. The Positive outlook reflects ICRA's expectations that the company's credit profile will improve with finalisation of completion cost and commencement of annuity payments.

The rating factors in the healthy credit profile of its sponsor, M G Contractors Private Limited (MGCPL, rated [ICRA]A (Stable), which is the engineering, procurement, and construction (EPC) contractor for MGBPL. Also, the cumulative debt service coverage ratio (DSCR) is expected to remain healthy (at over 1.2 times) during the debt tenure. The rating derives strength from the inflation-adjusted operation and maintenance (O&M) cost, bid over the term of the concession by the project owner and annuity provider, the NHAI, which has a strong track record and credit profile, leading to lower counterparty credit risk. The annuity receipt is likely to start from the sixth month post commercial operation date (COD), whereas the debt repayment will commence from the seventh month post COD, providing a buffer of one month in case of delay in annuity receipt. Additionally, the debt service reserve account (DSRA) up to six months of obligation would be created in a phased manner up to the receipt of the second annuity. The creation of major maintenance reserve (MMR) shall commence upon the receipt of the first semi-annual annuity.

The rating, however, remains constrained by the exposure of MGBPL's cash flows to inflation risks, as O&M receipts, though linked to inflation index (70% WPI and 30% CPI), may not be adequate to compensate for the actual increase in O&M/periodic maintenance expenses. While the project remains exposed to limited residual execution risk, the pending project cost is expected to be funded by undrawn debt (~Rs. 267 crore) as on July 31, 2025. ICRA notes the single-asset nature of the project operations, thereby making the debt metrics of the project sensitive to any deductions in annuity and O&M receipts. Hence, the company will have to undertake O&M of the project stretch as per the concession agreement to avoid any deductions from annuities. Any significant deductions from annuities or increase in routine or major maintenance (MM) from the budgeted level could impact the company's DSCR.

Key rating drivers and their description

Credit strengths

Significant reduction in execution risk with ~90% project completed – MGBPL has applied for declaration of PCOD w.e.f. September 14, 2025, on completion of ~90% of project stretch. It has received 9 milestone-based construction grant payments from the NHAI. While achievement of the final COD remains to be seen, as punch list items are yet to be executed, 90% completion means major implementation risks stand mitigated. Further, the annuities are expected to be received w.e.f. from March 2026. This reduces the uncertainty related to the annuity timelines. The annuities are likely to be sufficient to meet the debt servicing obligations.

Inherent benefits of hybrid annuity model (HAM) – The inherent benefits of the HAM project include upfront availability of right of way (RoW), inflation-linked revisions to the bid project cost during the construction period and relatively low equity mobilisation risk with 40% of the project cost to be funded by the authority during the construction period in the form of a grant. The project is expected to have a stable revenue stream post-commissioning as 60% of the remaining project cost will be paid out as annuity (adjusted for inflation), along with interest at the average of one-year MCLR of the top five SCBs (to be reset every quarter) plus spread of 1.25%, and the inflation-adjusted O&M cost bid over the 15-year operations period by the project owner and annuity provider, the NHAI, a key Central Government entity that develops and maintains India's national highways.

Adequate coverage indicators and presence of structural features – MGBPL is expected to maintain adequate debt coverage indicators with a cumulative DSCR above 1.2 times during the debt tenure. This provides adequate cushion to withstand any adverse movement in the interest on annuity and inflation to a certain extent. The credit profile is supported by MGCPL's undertaking towards cost overruns during the construction phase and any shortfall in O&M expenses. Further, the presence of structural features of the debt, including escrow, cash flow waterfall mechanism, provisions for DSRA (to be created out of promoter contribution and first two annuities) and creation of MMR and restricted payment clause with a minimum DSCR of ~1.05 times, provides comfort.

Established track record and financial profile of the sponsor and EPC contractor – MGBPL is a 100% subsidiary of MGCPL, which has vast experience in executing road construction projects. MGCPL is the EPC contractor for this project, and the contract is on a fixed-price, fixed-time basis, which provides comfort, given its track record of project execution within the budgeted time and cost. MGCPL has provided an undertaking for cost overruns during construction and for any shortfall in O&M expenses and infused adequate funds to support the cost overruns. The equity mobilisation risk stands mitigated with 100% equity already infused as on July 31, 2025.

Credit challenges

Project's cash flows and returns exposed to inflation risks – The project's cash flows and returns are sensitive to the spread between the interest to be paid by the NHAI on the outstanding annuities linked to the average of one-year MCLR of top five scheduled commercial banks and the interest rate payable on the outstanding debt, linked to the lender's marginal cost of fund-based lending rate (MCLR). Further, MGBPL's cash flows are exposed to inflation risks as O&M receipts, though linked to inflation (70% WPI and 30% CPI), may not be adequate to compensate for any increase in O&M/periodic maintenance expenses.

Undertaking O&M as per concession requirement and risk of deductions from annuity – MGBPL's prospective sources of income shall include annuity, interest on outstanding annuities and the annual O&M payments from the NHAI. Hence, regular and periodic maintenance of the project's stretch as per the concession agreement is important for receiving full annuity receipts. An increase in expenditure towards regular or periodic maintenance will have a bearing on the DSCR and remains a key credit sensitivity. The special purpose vehicle (SPV) shall enter a fixed-price O&M and MM contract with its sponsor, MGCPL. MGCPL has a track record of around half a decade in the EPC segment and has undertaken multiple projects as a contractor. However, any material deterioration in MGCPL's credit profile impacting MGBPL's ability to undertake maintenance activities will remain a monitorable. Moreover, the O&M and MM assumptions are marginally lower than ICRA's benchmarks, owing to the company's expectations of traffic on the stretch. ICRA in its base case scenario has built-in additional

cushion against the company's assumptions. Nonetheless, the timely receipt of annuity payments without any material deductions remains crucial.

Liquidity position: Adequate

The company's liquidity position is likely to be adequate, supported by timely receipt of annuities, without any major deductions. The expected creation of DSRA from equity (for 3-month P+I before declaration of PCOD) and the first two annuity payments (equivalent to another three months of P+I), shall further support the liquidity. The company had undrawn sanctioned term loan of ~Rs. 267 crore as of August 2025.

Rating sensitivities

Positive factors – The rating could be upgraded upon the timely receipt of semi-annuity and O&M payments without any material deductions, while maintaining healthy coverage metrics.

Negative factors – Pressure on the rating could arise if there are major deductions or delays in the receipt of semi-annual annuities or O&M payments or additional indebtedness resulting in deterioration in coverage metrics. Non-adherence/weakening of debt structure, or any deterioration in the sponsor's credit profile could exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Roads – Hybrid Annuity
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

M G Banshidhar Private Limited (MGBPL) is an SPV formed in June 2022 and held entirely by M.G. Contractors Pvt. Ltd. (MGCPL). It is undertaking development, maintenance, and management of NH-75 (New NH-39) – for four laning of Khajuri to Wyndhamganj (JH/UP border) section of NH-75 (New NH-39) from the existing Km 218+500 to Km 259+640 (Section-V) in Jharkhand on hybrid annuity mode (HAM), for the NHAI. The concession agreement for the project was signed with the authority on June 20, 2022, with the appointed date on September 15, 2023. As of September 2025, ~96% RoW was available and it reported physical progress of ~90%.

Key financial indicators

Key financial indicators are not applicable as MGBPL is a project stage company.

Status of non-cooperation with previous CRA: Not applicable

Any other information: The company faces prepayment/refinancing risk, in case of debt acceleration upon the breach of covenants, including financial covenants, operating covenants and rating linked covenants. Upon failure to meet the covenants, if the company is unable to get waivers from the lender or the lender does not provide it with adequate time to arrange for alternative funding to pay off the accelerated loans, the rating would face pressure.

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount (Rs. crore)	Nov 10, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long Term	363.00	[ICRA]A- (Positive)	Feb 07, 2025	[ICRA]A- (Stable)	Jan 11, 2024	[ICRA]A- (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based – Term loan	FY2023	NA	-*	363.00	[ICRA]A- (Positive)

Source: Company, ICRA Research; *Maturity date will be linked to PCOD

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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