

April 01, 2026

NKC Alewa Pandwa Expressway Private Limited: Rating upgraded to [ICRA]AA- (Stable); outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	514.00	514.00	[ICRA]AA- (Stable); upgraded from [ICRA]A- (Positive); outlook revised to Stable from Positive
Total	514.00	514.00	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade for NKC Alewa Pandwa Expressway Private Limited (NAPEPL) factors in the successful completion of the highway construction project with the achievement of the final commercial operation date (COD) w.e.f. November 06, 2025, thereby eliminating any residual execution risks. Further, the rating positively notes the receipt of two semi-annual annuities and operations and maintenance (O&M) payments, without any material deductions (excluding statutory deductions and a one-time adjustment for certain changes of scope), eliminating the uncertainty around the final completion cost with which the future annuities will be linked. While the first annuity payment was received with a delay, the second annuity payment was received timely. Moreover, ICRA draws comfort from the buffer of ~35 days between the annuity due date and the scheduled debt-servicing date and also expects the subsequent annuities to be received in a timely manner, given the finalisation of cost and presence of a strong counterparty – the National Highway Authority of India (NHAI, or the authority; rated [ICRA]AAA (Stable)).

The rating continues to favourably factor in the credit support provided by the structural features of the debt, including presence of an escrow account, cash flow waterfall mechanism, provision for a six-month debt service reserve (DSR), creation of a major maintenance reserve (MMR) and a restricted payment clause with a minimum debt service coverage ratio (DSCR) of 1.1 times. NAPEPL partially created the debt service reserve account (DSRA) using the first two annuity receipts, amounting to a balance of Rs. 17.6 crore as of January 2026. The remaining DSRA requirement, originally stipulated to be funded through the next two annuity receipts, was instead created upfront through submission of bank guarantees - aggregating Rs. 17 crore - by the sponsor, NKC Projects Private Limited (NPPL; rated [ICRA]A (Stable)/[ICRA]A2+), in March 2026. Accordingly, the DSRA – equivalent to six months of debt-servicing obligations – stands fully created. ICRA also notes that NPPL has provided sponsor undertakings towards meeting any shortfall in O&M expenses for the project and debt-servicing obligations for the entire tenor of the facility.

The rating, however, remains constrained by the exposure of NAPEPL's cash flows to inflation risks, as O&M receipts, though linked to the inflation index [70% Wholesale Price Index (WPI) and 30% Consumer Price Index (CPI)], may not be adequate to compensate for the actual increase in O&M/periodic maintenance expenses. ICRA also notes the single-asset nature of the project, making the debt metrics sensitive to any deductions in annuity and O&M receipts. The O&M works are being currently undertaken by NPPL, as per the fixed-price O&M and major maintenance (MM) agreement. The company will have to undertake O&M for the project stretch as per the CA to avoid any deductions from annuities. Any such significant deductions or an increase in routine maintenance or MM from the budgeted level could impact its DSCR and, therefore, remain a key monitorable factor.

The Stable outlook on the long-term rating considers the expectation of timely receipt of annuities and presence of comfortable debt coverage indicators.

Key rating drivers and their description

Credit strengths

COD achieved and two annuities received, reducing uncertainty on completion cost – Subsequent to the achievement of PCOD w.e.f. September 25, 2024, the project attained final COD w.e.f. November 06, 2025, upon completion of the punch-list items, thereby eliminating execution-related risks. The company has received two semi-annual annuity payments (including interest on annuity) and O&M payments from the NHAI, which has reduced uncertainty around cost finalisation and annuity receivables over the remaining concession period. While the first annuity payment was received with a delay of around 21 days, beyond the 15-day period specified in the concession agreement (CA), the second annuity payment was received timely. ICRA expects subsequent annuity receipts to be timely, given the finalisation of costs upon achievement of the COD and the presence of a strong counterparty i.e., the NHAI. ICRA also draws comfort from the buffer of around 30 days between the annuity due date and the scheduled debt-servicing date, which provides an adequate cushion in the event of any delay in annuity receipts.

Comfortable coverage indicators and presence of structural features – NAPEPL is expected to maintain comfortable debt coverage indicators, with a cumulative DSCR above 1.1 times during the debt tenure. This provides it with adequate cushion to withstand any adverse movement in the interest on annuity and inflation to a certain extent. Moreover, NPPL has provided undertaking towards any shortfall in O&M expenses and debt-servicing obligations. Further, the efficient structural features of the debt, including an escrow account, cash flow waterfall mechanism, provisions for a DSR (equivalent to six months of debt-servicing obligations), creation of an MMR and a restricted payment clause with a minimum DSCR of 1.1 times, provide comfort.

Lower inherent risks in HAM projects from the NHAI – The inherent benefits of the HAM project include a stable revenue stream after commissioning of the project, with 60% of the inflation-adjusted bid-project cost (BPC) being paid out as annuity, along with interest at an average of one-year marginal cost of fund-based lending rate (MCLR) of the top five scheduled commercial banks plus 1.25%. The inflation-adjusted O&M cost bid over the 15-year operations period by the project owner, NHAI, which is a strong counterparty, offers comfort.

Credit challenges

Project's cash flows and returns exposed to inflation risks – NAPEPL'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. However, ICRA notes that it has entered a fixed-price O&M and MM contract with NPPL, which partly mitigates this risk. 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 MCLR.

Undertaking O&M as per concession requirement and risk of deductions from annuity – The company must ensure satisfactory upkeep of the carriageway and undertake O&M and MM of the project stretch as per the concession agreement to avoid any deductions from the annuity and O&M payments. Any significant deductions from annuities will have a bearing on the DSCR and will remain a key rating sensitivity. ICRA notes that NAPEPL has entered a fixed-price O&M and MM contract with its sponsor, NPPL, which has a track record of almost a decade in the road engineering, procurement and construction (EPC) segment, having undertaken multiple projects as a contractor. Nonetheless, any material deterioration in NPPL's credit profile impacting NAPEPL's ability to undertake maintenance activities will remain monitorable. The O&M and MM costs agreed upon, as per the contract with NPPL, are marginally lower than ICRA's benchmarks, owing to its estimations of traffic along the stretch. However, in its base case scenario, ICRA 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

NAPEPL's liquidity position is expected to be Adequate, supported by expected timely receipt of annuities without any major deductions. The company has created a DSR (equivalent to six months of principal repayment plus interest payment obligation)

worth Rs. 34.6 crore – partially funded from the proceeds of first two annuity payments and the balance in the form of bank guarantees – which will support the liquidity profile.

Rating sensitivities

Positive factors – The rating could be upgraded with a demonstrated, sustained track record of annuity and O&M payments without any deductions, along with meaningful improvement in 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 debt coverage metrics. The rating could also come under pressure if there is any non-adherence to the debt structure.

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

NKC Alewa Pandwa Expressway Private Limited (NAPEPL) is a 100% SPV promoted by NKC Projects Private Limited (NPPL). The SPV was formed on April 6, 2021 for construction of the four-lane greenfield Delhi-Amritsar-Katra Expressway from junction with Jind-Karnal road (NH-709A) near Alewa village to junction with Ambala-Kaithal-Hissar road (NH-152) near Kharak Pandwa village i.e., 91+400 km to 120+250 km (length: 28.85 km) under Bharatmala Pariyojna in Haryana under the hybrid annuity model (HAM). The construction and operations period for the project are two years and 15 years, respectively. The concession agreement was signed on June 17, 2021 and appointed date was achieved as December 14, 2021. The project attained final COD in November 2025 and has received two semi-annual annuity payments up to February 2026.

Key financial indicators (audited)

NAPEPL (Standalone)	FY2024	FY2025
Operating income (OI in Rs. crore)	448.3	131.9
PAT (in Rs. crore)	27.7	-69.1
OPBDIT/OI (%)	14.6%	-42.0%
PAT/OI (%)	6.2%	-52.4%
Total outside liabilities/Tangible net worth (times)	4.0	19.4
Total debt/OPBDIT (times)	5.6	-10.2
Interest coverage (times)	2.8	-1.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Note: The company follows Ind-AS and the coverage ratios are not representative of the actual cash flows.

Status of non-cooperation with previous CRA: Not applicable

Any other information:

The company faces prepayment/refinance 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

Current (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs Crore)	Apr 01, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long-term	514.00	[ICRA]AA-(Stable)	-	-	Feb 07, 2025 Nov 08, 2024	[ICRA]A-(Positive)	Oct 09, 2023	[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	Sep 2024	-	FY2039	514.00	[ICRA]AA- (Stable)

Source: Company, ICRA Research

[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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