April 07, 2026

Baharampore-Farakka Highways Limited: Rating placed on watch with positive implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	705.00	662.05	[ICRA] AA-; placed on watch with positive implications
Total	**705.00**	**662.05**	

**Instrument details are provided in Annexure I*

Rationale

The rating of Baharampore Farakka Highways Limited (BFHL) is placed on Watch with Positive Implications, given the announcement of 100% stake purchase of BFHL by Cube Highways Trust (CHT, rated [ICRA]AAA (Stable)). In accordance with this, CHT has entered into a right of first offer (ROFO) agreement with the sponsor of BFHL, Cube Highways and Infrastructure V Pte. Ltd (rated [ICRA]AA (Stable)) on March 17, 2026. The positive implications reflect ICRA's expectation that the credit profile of BFHL will be strengthened over the near to medium term post movement into CHT, given the cash pooling benefit as a part of the InvIT. ICRA will resolve the watch, post the change in shareholding after understanding the impact of the transaction on the company's operational and financial profile and the financial policy of the incoming investor after concluding discussions with the new management.

The rating of BFHL positively factors the operational track record of more than ten years and its favourable location, along the busy Kolkata-Siliguri corridor (part of National Highway 12), which connects the north-eastern (NE) region with south and central parts of the country and characterised by high commercial traffic volumes. The toll collection recorded a healthy compounded annual growth rate (CAGR) of more than 9% during FY2015-2025, reaching approximately Rs. 199 crore in FY2025. Further, the company has generated revenues of Rs. 171.9 crore in 10M FY2026 (vs Rs. 163.1 crore in 10M FY2025) and expected to reach Rs. 208 crore in FY2026. The rating takes comfort from the comfortable debt coverage metrics, flexibility arising out of two-year tail period, along with the presence of structural features of debt like presence of three months of debt service reserve (DSR), restricted payment clause with a minimum DSCR of 1.10 times, and creation of major maintenance reserves (MMR). ICRA notes the experience of the sponsor viz. Cube Highways and Infrastructure V Pte. Ltd (CH5, part of the Cube Highways Group) in the operation of managing road assets in India, which will support to maintain the stretch as per the concession terms.

The rating, however, remains constrained by the risks inherent in build operate transfer (BOT) toll road project, including risks related to traffic growth, wholesale price index (WPI) linked toll rates, development/improvement of alternative routes and risk of toll leakages. Further, BFHL is susceptible to asset concentration risk with toll collections, being the only source of income and must ensure satisfactory upkeep of the carriageway as per the provisions of the Concession Agreement (CA) to avoid any deductions on account of non-maintenance. Hence, any significant upward revision to the routine and periodic maintenance expenses impacting BFHL's cash flows will remain a key monitorable. ICRA has taken comfort from the healthy projected cash flows, while keeping cushion in the cost estimates for undertaking the MM expenditure. BFHL's cash flows are exposed to the interest rate risk, considering the floating interest rates of the project loan. The debt structure has a put option available for the lenders at the end of the seventh year and credit rating-linked event of default, which if materialises, could expose the company to refinancing risk. Nevertheless, given the healthy financial flexibility, it is expected that the asset is likely to refinance the debt within the available time period of 120 days, which mitigates the risk to an extent.

Key rating drivers and their description

Credit strengths

Operational nature of project with established traffic – The project is favourably located, along the busy Kolkata-Siliguri corridor (part of NH-12). It connects the NE region with the south and central parts of the country through NH-12. The composition of commercial traffic on the stretch is high at 55% of the total traffic (in PCU terms) with low alternative route risk. Further, the project has a more than ten-year track record of toll collection. It has recorded a healthy toll collections CAGR of 9% during FY2015-2025, reaching approximately Rs. 199 crore in FY2025.

Comfortable debt coverage metrics – BFHL is likely to have a comfortable debt service cover with a cumulative DSCR of more than 1.6 times as per ICRA's base case estimates. The revenues witnessed a healthy growth of 20% to Rs. 199.1 crore in FY2025 compared to Rs. 165.4 crore in FY2024, supported by the significant increase in toll rates of approximately 87% at Toll Plaza-1 in December 2023 upon receipt of the provisional completion certificate 3 (PCC III) and by 14% in June 2024. Further, toll collections stood at Rs. 171.9 crore in 10M FY2026 (vs Rs. 163.1 crore in 10M FY2025) and expected to reach Rs. 208 crore in FY2026. The toll collections of the stretch were impacted to an extent in H1 FY2026, owing to moderation in the commercial traffic on account of maintenance works on the feeder routes, which connects the stretch to stone quarry area. Nevertheless, post completion of maintenance works, the traffic recovered during October 2025 – January 2026, witnessing a growth of 7% compared to similar period in FY2025. The rating considers the flexibility arising out of the two-year tail period, presence of structural features including long debt tenure, presence of three months of DSR, restricted payment clause with a minimum DSCR of 1.10 times, and creation of MMR.

Strong track record of sponsor in managing infrastructure assets globally – BFHL is owned by Cube Highways and Infrastructure V Pte. Ltd, a part of Cube Highways Group, which acquired 100% shareholding in BFHL in March 2023. The strong profile of the sponsor group, having an established track record in the operation of the road assets in India, supports its ability to maintain the stretch as per the concession terms and provides comfort.

Credit challenges

Ensuring routine and periodic maintenance expense within budgeted levels – In absence of a pre-defined MM schedule, periodic maintenance is required on a need basis, which may result in volatility in operating expenses. At present, BFHL is undertaking the first MM activity in the project at an estimated cost of Rs. 190-200 crore. It is expected to be completed shortly, with a significant portion of the work already executed. Moreover, BFHL is susceptible to asset concentration risk due to the single asset nature with toll collections being the only source of income. Going forward, undertaking routine and periodic maintenance within the budgeted costs would remain important. Any significant upward revision to the O&M and MM rates impacting BFHL's cash flows and thereby debt coverage metrics will remain a key rating monitorable. ICRA has taken comfort from the healthy projected cash flows, while keeping cushion in the cost estimates for undertaking the MM expenditure.

Risk inherent in BOT (toll) road projects – The project remains exposed to risks inherent in BOT (toll) road projects, including risks arising from variation in traffic volumes over the project stretch and its dependence on economic activity in the surrounding regions. The project is vulnerable to movement in WPI (for toll rate hike), political acceptability of toll rate hike over the concession period, user willingness to pay and likelihood of toll leakages. Further, despite favourable location of the project stretch, it remains susceptible to risks of development of alternative routes and alternate modes of transportation.

Exposed to interest rate and refinancing risks – The project's cash flows and profitability remain exposed to interest rate risk, given the floating nature of the interest rate on the term loans. The project is vulnerable to refinancing risk with the lenders having the right to exercise the put option at the end of the seventh year from the date of the first disbursement and every year thereafter. Further, the debt structure has credit rating-linked event of default, which if materialises, could expose the company to refinancing risk. Nevertheless, given the healthy financial flexibility, it is expected that the asset is likely to refinance the debt within the available time period of 120 days, which mitigates the risk to an extent.

Liquidity position: Adequate

The liquidity position is expected to be adequate with estimated cash flow from operations likely to be sufficient to meet the debt servicing requirements (principal + interest) of Rs. 93.7 crore in FY2026 and Rs. 101.4 crore in FY2027. As on February 13, 2026, it has cash and bank balances of around Rs. 164.08 crore, including DSRA of Rs. 7.12 crore (the company has submitted BG of Rs. 19 crore, for the balance DSRA requirement,) and MMR of Rs. 70.50 crore, which is maintained in the form of fixed deposits. It has been maintaining free cash balance of Rs. 86.46 crore, largely in liquid debt mutual funds.

Rating sensitivities

Positive factors – As the rating is under Watch with Positive Implications, on the back of proposed asset sale, it will be resolved once the transaction is consummated. However, the rating maybe upgraded if there is a higher-than-expected improvement in traffic and toll collections, while keeping the O&M costs within the budgeted levels, leading to improvement in cumulative DSCR to above 1.75 times on a sustained basis.

Negative factors – The rating watch will be resolved once the proposed asset sale transaction is consummated. The rating may be downgraded if lower-than-envisaged growth in toll collections, or higher-than budgeted O&M expenditure exerts pressure on the debt coverage metrics. The rating could come under pressure if there is any non-adherence or dilution of the debt structure or increase in indebtedness. Specific trigger for a rating downgrade includes DSCR falling below 1.6 times on a sustained basis.

Analytical approach

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

About the company

Incorporated on March 11, 2010, BFHL is a special purpose vehicle (SPV) promoted by HCC Ltd. and HCC Concessions Limited (HCL), a step-down subsidiary of HCC, to undertake the augmentation of the existing stretch of 100.6 km from 191.42 km to 294.68 km on Design, Build, Finance, Operate and Transfer (DBFOT) – Toll basis under National Highway Development Programme (NHDP), Phase III, in West Bengal. The concession agreement (CA) was executed between BFHL and the National Highways Authority of India (NHAI) on June 28, 2010, and for a concession period of 25 years from the appointed date of February 3, 2011.

Cube Highways and Infrastructure V Pte Ltd (CH5) acquired 100% stake in BFHL effective March 28, 2023. The project received completion certificates in phases with PCC I on May 13, 201, for the length of 75.450 km, PCC II on May 14, 2021, for the length of 14.350 km and PCC III was achieved on December 12, 2023 for the length of 9.88 km. The final completion certificate was received on June 22, 2024.

Key financial indicators (audited)

BFHL (Standalone)	FY2024	FY2025
Operating income	241.4	208.7
PAT	-47.4	-51.3
OPBDIT/OI	38.8%	46.2%
PAT/OI	-19.7%	-24.6%
Total outside liabilities/Tangible net worth (times)	10.4	19.6
Total debt/OPBDIT (times)	9.0	9.4
Interest coverage (times)	1.0	1.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs crore)**	**Apr 07, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-based-Term loan	Long Term	662.05	[ICRA]AA- Rating Watch with Positive Implications	-	-	Feb 25, 2025	[ICRA]AA- (Stable)	Sep 12, 2023	Provisional [ICRA]AA- (Stable)
				-	-			Oct 23, 2023	Provisional [ICRA]AA- (Stable)
				-	-			Jan 11, 2024	[ICRA]AA- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	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	**Term loan**	Dec 12, 2023	NA	Dec 31, 2033	662.05	[ICRA]AA- Rating Watch with Positive Implications

Source: Company

[*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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