



## Press Release

### Rithwik MBR Infra Private Limited

March 03, 2025

Security Facility /	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	371.34	IVR BBB+; Stable and withdrawn (IVR Triple B Plus with stable outlook and simultaneously withdrawn)	IVR BBB+; Stable (IVR Triple B Plus with stable outlook)	Rating Reaffirmed and simultaneously withdrawn	Simple
<b>Total</b>	<b>371.34</b> <b>(Rupees three hundred and seventy-one crore and thirty-four lakhs only)</b>				

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 ratings assigned to the bank facilities of Rithwik MBR Infra Private Limited (RMIPL) continues to derive comfort from experienced promoters & management team of the company along with demonstrated track record of the sponsor, Rithwik Projects Private Limited (RPPL) in executing road construction project and low counter-party credit risk. However, these rating strengths are partially offset by project execution risk and project returns exposed to inflation and interest rate risks.

The outlook is expected to remain stable on account of the parent company's strong operating performance with healthy cash flows, satisfactory track record and support to RMIPL.

Infomerics Ratings has simultaneously withdrawn the rating assigned to the bank facilities of RMIPL with immediate effect. The above action has been taken at the request of the company and No Objection Certificate (NOC) issued by its lender. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

#### Key Rating Sensitivities:

##### Upward Factors

- Timely completion of project and timely receipt of its first annuity



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- Significant improvement in the credit risk profile of the sponsor

### **Downward Factors**

- Significant increase in O&M and major maintenance costs
- Heightened execution risk on account of time or cost overrun.
- Deterioration in the credit risk profile of the sponsor (RPPL) or counterparty (National Highway Authority of India [NHAI]) and/or non-receipt of need-based financial support from the sponsor for meeting project cost during construction period and failure to create DSRA post Schedule date of commencement of operations (SCOD)/ COD.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

#### **Experienced promoters & management team with demonstrated track record of the sponsor in executing road construction project**

RM IPL was incorporated in August 2022 as a Special Purpose Vehicle (SPV) by RPPL holding 74% stake in RM IPL and NSPR Constructions India Private Limited (NSPR) holding rest 26% stake. RPPL is an ISO 9001:2015 certified Infrastructure Development Company and provides Integrated Engineering, Procurement and Construction services for Civil & Structural Construction and Infrastructure sector projects. RPPL has a sound credit profile and has a demonstrated track record of successful project execution pertaining to roads, dams, construction of buildings and civil structures among other construction segments. NSPR also have extensive experience in the execution of HAM projects. The company had successfully completed five BOT (annuity) road projects in Andhra Pradesh in the past. The Directors of RM IPL, Mr. C.M. Rajesh and Mr. G. Govardhan Naidu have a long-standing experience in the civil construction sector. The Directors look after the day-to-day operations of RPPL as well. They are supported by a team of experienced and qualified professionals. RPPL, as a sponsor, has extended an undertaking to fund any cost overrun, O&M, major maintenance expenses over and above base case business plan. Furthermore, the sponsor also undertakes to create a debt service reserve account (DSRA) six months after COD. Besides RPPL has also extended corporate guarantee for the project debt till entire tenor of the debt facility. Any deterioration in the sponsor's credit profile is a key rating monitorable.

#### **Low counter-party credit risk**



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NHAI functions as the nodal agency for development, maintenance and management of the national highways in the country. NHAI receives high level of support from Government of India (GOI) due to its strategic importance as the country's nodal agency for implementing various road sector projects including various phases of National Highways Development 3 Programme (NHDP). By virtue of being a quasi-government body with an established & long track record, the counterparty risk on NHAI appears to be minimal.

### **Key Rating Weaknesses**

#### **Project execution risk**

The concession agreement between RMIPL and NHAI was signed on October 28, 2022. The concession was granted to RMIPL for 17 years (including construction period of 730 days) and based on semi-annual annuity payment. RMIPL construction work commenced from September 21, 2023, and expected completion date is September 21, 2025. RMIPL currently has 90% ROW for the project and the balance is relating to forest and court cases which will not affect overall completion. The bid project cost of the project is Rs.718.90 (adjusted for price index multiple). The estimated cost of the project is Rs.753.92 crore which is to be funded through grant from NHAI of Rs.287.56 crore (40% of BPC), promoters' contribution of Rs.15.46 crore and debt of Rs.349.77 crore. The project commenced operation from September 21, 2023. Out of total cost of Rs.753.92 crore, RMIPL has incurred expenditure of Rs.415.21 crore by 23<sup>rd</sup> January 2025 (around 55% of total project cost), by way of debt of Rs.165.68 crore, promoters' contribution of Rs.76.99 crore and NHAI grant of Rs.172.54 crore. RMIPL obtained all the other approvals that are required for the project and received disbursement as per drawdown schedule. In view of the middle stage of the project there still exists project execution risk.

#### **Project returns exposed to inflation and interest rate risks**

RMIPL's cash flows are exposed to interest rate risk, considering the floating nature of interest rates for the project loan. Further, there also exists inflation risk as O&M receipts, though linked to inflation index, may not be adequate to compensate for the actual increase in O&M/periodic maintenance expenses. Hence, adequate and within budgeted O&M expenses will be a key rating sensitivity during the operation stage.

**Analytical Approach:** Standalone

**Applicable Criteria:**



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[Rating Methodology for Infrastructure Companies.](#)

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

[Parent & Group Support](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

[Policy of Withdrawal of Ratings](#)

### **Liquidity – Adequate**

Liquidity is expected to be adequate post-completion as the project will receive semi-annual annuities (along with interest) and O&M pay out from NHAI. Debt service coverage ratio is expected to be above unity throughout the tenure of debt. Repayment will begin seven months from COD, which provides additional cushion. Furthermore, DSRA equivalent to ensuing six months of interest and one principal instalment shall be maintained throughout the tenor of the term loan from six months after COD of the project is achieved (i.e., September 21, 2025). Furthermore, support from the parent company RPPL is also expected to underpin the liquidity of RMIPL.

### **About the Company**

Rithwik MBR Infra Private Limited (RMIPL) was incorporated in August 2022 as a Special Purpose Vehicle (SPV) by RPPL holding 74% stake in RMIPL and NSPR Constructions India Private Limited (NSPR) holding 26% stake in RMIPL. The SPV was formed for road construction of Mydukur – Badvel section of NH-67 under Bharatmala Pariyojna in Andhra Pradesh under Hybrid Annuity Mode (HAM).

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	0.00	89.37
EBITDA	-0.29	-0.35
PAT	-0.29	-1.14
Total Debt	4.51	73.95
Tangible Net Worth	-0.28	16.35
EBITDA Margin (%)	-	-0.39
PAT Margin (%)	-	-1.28
Overall Gearing Ratio (x)	-16.11	4.52
Interest Coverage (x)	-	-0.42

\* Classification as per Infomerics' standards.



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### Financials of Sponsor (Rithwik Projects Pvt Ltd): (Rs. Crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	1720.67	3240.80
EBITDA	224.97	353.86
PAT	98.96	154.40
Total Debt	304.51	484.85
Tangible Net Worth	611.91	778.98
EBITDA Margin (%)	13.07	10.92
PAT Margin (%)	5.65	4.73
Overall Gearing Ratio (x)	0.50	0.62
Interest Coverage (x)	3.22	4.92

\* 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 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Dec 08, 2023	-	-
1.	Term Loan	Long Term	349.77	IVR BBB+; Stable; withdrawn	IVR BBB+; Stable	-	-
2.	Performance Bank Guarantee	Long Term	21.57	IVR BBB+; Stable; withdrawn	IVR BBB+; Stable	-	-

\*Mobilisation Bank Guarantee limit of Rs. 79.08 crore is a sub limit to the term loan

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly 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





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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.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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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	-	-	-	March 2039	349.77	IVR BBB+; Stable; withdrawn
Performance bank Guarantee	-	-	-	-	21.57	IVR BBB+; Stable; withdrawn

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-rithwikmbr-mar25.pdf>

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



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**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](http://www.infomerics.com).

