

Press Release
KOLHAPUR RATNAGIRI HIGHWAYS PRIVATE LIMITED
August 22, 2025
Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	440.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	440.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs 440.00 Cr. bank facilities of Kolhapur Ratnagiri Highways Private Limited (KRHPL). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned reflects the established track record and the healthy operating and financial risk profile of the sponsors J. M. Mhatre Infra Private Limited (JMMIPL) and Thakur Infraprojects Private Limited (TIPL) who hold a 51:49 shareholding in Kolhapur Ratnagiri Highways Private Limited (KRHPL). It also factors in moderate implementation risk, given the intermediate stage of construction, with two project milestones achieved and five payment milestones received. The rating is further supported by the strong counterparty profile of the National Highways Authority of India (NHAI), which enhances the overall credit quality of the project, along with the maintenance of a Debt Service Reserve Account (DSRA) equivalent to one instalment of principal and twelve months of interest obligations. However, the rating is constrained by delays in achieving project milestones, which affected the timely receipt of payment milestones, and the potential increase in operational and interest costs, which may impact the project's profitability.

About the Company

Kolhapur Ratnagiri Highways Private Limited (KRHPL) is a special purpose vehicle promoted by J. M. Mhatre Infra Private Limited (JMMIPL) and Thakur Infraprojects Private Limited (TIPL) (Project Sponsors) incorporated in 2022 for undertaking the development, operation/ maintenance and management of construction of Four laning of Ratnagiri - Kolhapur section of NH-166 [Package — II from km 67.140 to km 112.340 in the State of Maharashtra to be executed on Hybrid Annuity Model. KRHPL received the Letter of Award on 30th March 2022, followed by the signing of the Concession Agreement on 17th June 2022. The project's Appointment Date was 26th May 2023. The present directors of the company are Mr. Chetan Janardan Mhatre, Mr. Karuturi Dhananjayudu, Mr. Bharani Kumar Challagulla and Mr. Sachin Janardhan Mhatre.

Unsupported Rating

ACUITE BB+ | Stable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Kolhapur Ratnagiri Highways Private Limited (KRHPL) to arrive at the rating. The financial and operational support from the sponsor J M Mhatre Infra Private Limited (JMMIPL), holding 51 per cent of stake factored in for the rating notch up.

Key Rating Drivers

Strengths

Established Sponsor Profile

The sponsors for the project, J. M. Mhatre Infra Private Limited (JMMIPL) and Thakur Infraprojects Private Limited (TIPL), have been engaged in the EPC business for over four decades and have collaborated on various

projects, establishing a strong presence in Maharashtra. JMMIPL holds 51per cent and TIPL holds 49 per cent of

the shares in KRHPL, and both have extended technical and financial support to the project, including a corporate guarantee for the entire loan tenure. The companies also demonstrate strong financial flexibility and maintain an adequate liquidity profile. Further, the total EPC cost has increased from Rs. 946.00 crore to Rs. 962.92 crore where the additional Rs. 16.92 crore to be entirely funded by the sponsors. The revised project cost will be financed through Rs. 126.92 crore of promoter's contribution, Rs. 396 crore of grant from NHAI, and Rs. 440 crore of external borrowing, which is guaranteed by JMMIPL and TIPL. As of 30th June 2025, Rs. 479.69 crore has been incurred, funded through Rs. 89.70 crore of promoter's contribution, Rs. 198 crore of NHAI grant, and Rs. 191.98 crore of external borrowing.

Furthermore, the project has faced delays due to late handover and shortage of Right of Way (ROW), as well as heavy floods in July 2023, July 2024, and August 2024, resulting in an extension of 299 days, which has been duly approved by NHAI. Acuité believes that the sponsors' entrepreneurial experience and long-standing operational track record will continue to support the project's business risk profile over the medium term.

Moderate Implementation Risk

As of June 30, 2025, KRHPL has completed 43.38 per cent physical progress and achieved the second project milestone on 25th July 2024, as against the original scheduled date of 29th April 2024 under Schedule-G. This achievement falls within the grace period of up to 90 days allowed under the agreement. Additionally, NHAI has approved an extension of time (EOT) of 299 days, revising the third project milestone (75 per cent completion) date to September 20, 2025 and the scheduled completion (100 per cent) date to March 19, 2026. Furthermore, the Independent Engineer (IE) has recommended a revised EOT of 371 days (inclusive of the previously approved 299 days), which, if approved by NHAI, will lead to further revision of the aforementioned milestone and completion dates. However, the implementation risk is mitigated to an extent due to the strong support from the sponsors and the presence of a strong counterparty, NHAI.

Low counter party risk

The project has been issued and awarded by the National Highways Authority of India (NHAI), a central government agency that holds strategic importance for the Government of India. It is being developed under an annuity-based revenue model, wherein KRHPL bears no traffic risk and recovers the entire capital cost through biannual annuity payments over a 15-year concession period. Under this model, UGRPPL will receive 40 percent of the project cost as construction grants, while the remaining 60 percent will be paid in 30 semi-annual annuity instalments, likely commencing in October 2026, and adjusted for the Price Index Multiple. In addition to annuity payments, NHAI will reimburse interest on the reducing balance of the completion cost (net of grants) at a rate equivalent to the MCLR of the top five scheduled commercial banks plus 1.25 percent. NHAI will also reimburse the operations and maintenance (O&M) cost of Rs. 5.50 crore, adjusted for the price index on annuity dates. KRHPL will be responsible for operations and maintenance during the concession phase, with financial support from NHAI. The company has already received five milestone payments, the latest being in May 2025. The annuity model includes price index adjustments to mitigate inflation-related risks and partially offset price fluctuation risks.

Waterfall Mechanism in ESCROW account and Debt-service reserve account (DSRA)

KRHPL has an escrow mechanism in place through which cash flows from the Authority are routed and utilized according to a defined payment waterfall. Only surplus cash flows after meeting operating expenses, debt servicing obligations, and provisions for major maintenance expenses can be used at the borrower's discretion during the concession period. Additionally, the borrower/sponsor is required to maintain a Debt Service Reserve Account (DSRA), which must cover one instalment of principal and 12 months of interest payable. The first part of the DSRA, covering one instalment of principal and six months of interest, is to be created within six months from the date of COD using promoter's funds. The second part, covering the remaining six months of interest, is to be created within one year from the date of COD out of project cash flows. The adequacy of the DSRA will be assessed after the receipt of the second annuity. Furthermore, the corporate guarantee provided by the sponsors JMMIPL and TIPL remains valid for the entire tenure of the loan.

Weaknesses

Exposed to risks such as delay in receiving annuity payments and any changes in operational cost & interest rate.

As per the concession agreement, the company is expected to receive biannual annuity payments upon achieving the Commercial Operations Date (COD). Any delay in the timely receipt of these annuities could adversely impact its debt-servicing ability. In addition to fixed annuity payments, the project will receive interest on the outstanding annuity balance, which is linked to the MCLR of the top five scheduled commercial banks plus a spread. The company is also exposed to risks related to the maintenance of the project. If the prescribed standards and timely maintenance are not adhered to, the annuity payments may be reduced. Any significant delay or deduction in annuity payments could affect the company's ability to service its debt. Acuité believes that such delays or deductions in annuities would negatively impact the debt-servicing capabilities of KRHPL.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the “CE” suffix)

KRHPL shall maintain Debt Service Reserve Account (DSRA) for 12-months debt servicing obligation (Principal and Interest) along with the ESCROW mechanism.

Stress case Scenario

Acuite believes that, given the presence of DSRA mechanism KRHPL will be able to service its debt on time, even in a stress scenario.

Rating Sensitivities

- Achievement of milestones as per schedule.
- Timely receipt of milestone payments from the NHAI.
- Timely support from the sponsor for O&M activities.
- Significant deterioration in the sponsor's credit profile.

Liquidity Position Adequate

KRHPL's liquidity profile is adequate, supported by strong financial backing from JMMIPL and TIPL. The promoters have infused approximately Rs. 89.70 crore to facilitate project execution. Additionally, the company has received five milestone payments aggregating to Rs. 198.00 crore from NHAI. A term loan of Rs. 440.00 crore has also been sanctioned, of which Rs. 248.00 crore is pending disbursement. The presence of a waterfall mechanism and the requirement to establish a DSRA, equivalent to one instalment of principal and twelve months of interest payments further strengthens the company's liquidity framework by mitigating potential mismatches. Acuite expects KRHPL's liquidity to remain adequate, underpinned by continued promoter support, government-backed milestone and annuity inflows and prudent financial structuring.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	209.41	72.53
PAT	Rs. Cr.	(15.02)	(2.15)
PAT Margin	(%)	(7.17)	(2.97)
Total Debt/Tangible Net Worth	Times	5.87	0.54
PBDIT/Interest	Times	(0.05)	(1019.81)

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of Baroda	Not avl. / Not appl.	Term Loan	01 Oct 2026	Not avl. / Not appl.	30 Apr 2039	175.00	Simple	ACUITE BBB- Stable Assigned
Bank of India	Not avl. / Not appl.	Term Loan	01 Oct 2026	Not avl. / Not appl.	30 Apr 2039	165.00	Simple	ACUITE BBB- Stable Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	01 Oct 2026	Not avl. / Not appl.	30 Apr 2039	100.00	Simple	ACUITE BBB- Stable Assigned

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company Name
1	Kolhapur Ratnagiri Highways Private Limited
2	J M Mhatre Infra Private Limited

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About Acuité Ratings & Research

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