



Press Release
MSRDC INFRASTRUCTURE PROJECTS LIMITED
April 29, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	550.00	ACUITE A Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	550.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of **‘ACUITE A’ (read as ACUITE A)** to the Rs. 550 Cr. bank facilities of MSRDC Infrastructure Projects Limited (MIPL). The outlook is **‘Stable’**.

Rationale for the rating reaffirmation

The rating reaffirmation reflects established track record of operations of MIPL’s parent (Maharashtra State Road Development Corporation - MSRDC) in the infrastructural construction segment, strong resource mobilization ability on account of continued operational and financial support from MSRDC and Government of Maharashtra (GoM). The rating also takes into account the benefits inherent to the annuity-based revenue model. The rating, however, is constrained by MIPL’s susceptibility to project execution risk with ~76 per cent of cost incurred as on March 2025 with postponement of schedule completion date (SCOD) to June 2025 from September 2024. The timely completion of project and commencement of annuity receipts from NHAI would remain a key rating sensitivity.

About the Company

Incorporated in 2016 in Mumbai, MSRDC Infrastructure Projects Limited (MIPL) is a wholly owned subsidiary of MSRDC. It is currently undertaking the six/eight laning of 23.80 km Vadape-Thane section of National Highway – 3 (NH 3) for National Highway Authority of India (NHAI). The total project cost is estimated to be Rs. 1229.82 Cr. with SCOD in June 2025.

The project has been awarded to MIPL under Hybrid Annuity Method (HAM). The project was awarded to MIPL after NHAI decided to terminate its existing agreement with MEP Long Jian VTR Private Limited – JV of MEP Infrastructure Developers Limited (MIDL) and Long Jian Road & Bridge Company Limited (LRBCL). MSRDC then agreed to take over the project through MIPL by way of Harmonious Substitution considering the Project’s proximity to MSRDC’s flagship project Nagpur Mumbai Super Communication Expressway (NMSCEW) also known as the Samruddhi Mahamarg.

Unsupported Rating

ACUITE BB+/Stable

Analytical Approach

Acuité has considered a standalone approach while assessing the business and financial risk profile of MIPL and has factored in managerial and financial support it receives from MSRDC by virtue of being a wholly owned subsidiary. The rating also factors the strategically important role played by MIPL in implementing a project critical to MSRDC.

Key Rating Drivers

Strengths

Managerial and financial support from MSRDC

MSRDC was established by Government of Maharashtra (GoM) in 1996. It is established to oversee large road

infrastructure projects across State of Maharashtra. MSRDC has successfully completed key projects such as Mumbai Pune Expressway (MPEW), Bandra Worli Sea Link, Airoli Bridge Project and Satara Kagal Road amongst others. MIPL was formed as MSRDC's subsidiary to undertake the six/eight laning of 23.80 km Vadape –Thane section of NH-3. Completion of this project is critical to MSRDC as it is in proximity to and will act as a feeder road for its flagship project NMSCEW. MIPL is therefore expected to receive managerial and financial support from MSRDC in completion of this project. MIPL is a fully owned subsidiary and is completely managed by MSRDC. Acuité believes the continued managerial and financial support from MSRDC will remain a critical rating factor.

Benefits derived from annuity-based revenue model

The project undertaken by MIPL has a Hybrid annuity-based revenue model. Under this model, post completion of construction NHAI will make thirty semi-annual payments to MIPL. MIPL does not bear any traffic risk as it recovers whole of capital cost through these annuity payments. Further, operational and maintenance (O&M) costs and interest costs are also reimbursed by NHAI. Annuity payments have been indexed to inflation thus protecting from any increase in costs and interest costs are reimbursed to the extent of bank rate+3 per cent. MIPL will also provide for a Major Maintenance Reserve (MMR) through its excess cash flow or promoter infusion to cover maintenance costs in excess of the routine O&M expenses. This will be done post commencement of commercial operations. The risk of MIPL to any delay in receipt of annuity payments from NHAI remains low as NHAI is an arm of Government of India (GoI).

Weaknesses

Project execution risk

MIPL is currently undertaking the six/eight laning of 23.80 km Vadape-Thane section of National Highway – 3 (NH – 3) NHAI under HAM. MIPL got the project under harmonious substitution after NHAI decided to terminate their agreement with the original concessionaire – MEP Long Jian VTR Private Limited. The project was expected to be completed in September 2024 as per NHAI's agreement with MIPL. However, due to delays in getting the approvals from the forest and Mangrove departments, NHAI has agreed to extend the completion by 274 days i.e., June 12, 2025 (MIPL has received the forest department clearance as on date). However, till March 31, 2025 ~76 per cent of the cost incurred whereas physical progress stood at ~ 90-95 per cent. Hence, the completion of project without significant time and cost overruns remains critical as the commencement of annuity payments is based on timely completion of the project. However, this risk is mitigated to some extent on account of MSRDC's established track record of completing road infrastructure projects of similar scale within the state, its long experience of working with the current EPC contractor and receipt of required approvals. Acuité believes that the completion of the project without significant time and cost overruns will remain a key monitorable.

Exposure to risks inherent in toll road projects

The project remains exposed to risks inherent to toll projects. These include political acceptability of toll rate hikes, the latter risk is exacerbated in MIPL's case as the stretch mainly caters to daily commuting passenger vehicles as well as commercial vehicles. The risks also include resistance to pay and likelihood of toll leakages. Further, ability of the company to complete major maintenance within stipulated timelines will remain critical from the credit perspective.

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)

Support from GoM

Support from GoM MPRRL, which is the concessionaire, is a wholly owned subsidiary of MSRDC, which in turn is fully owned by the GoM. MSRDC has an extensive experience in the infrastructure industry and has successfully completed several key projects in the state of Maharashtra which provides operational advantage to the company. Further, the GoM has also provided financial assistance in the form of shortfall funding, if any during the the operation period and/or the construction period or in case of cost overruns beyond the envisaged total project cost.

Stress case Scenario

Acuite believes that the strong parentage and financial commitment from GoM shall enable MIPL to meet its debt obligations even in stress scenarios.

Rating Sensitivities

- Timely completion of project without significant time and cost overruns.

- Continued managerial and financial support from MSRDC.

Liquidity Position

Adequate

Currently, the company is in the advanced construction phase and does not have any repayment obligations until the COD is achieved. Thereafter, MIPL is entitled to semi-annual annuities from NHAI which will be used to service the repayment obligations. Besides this support is also expected from its parent MSRDC, a Government of Maharashtra subsidiary. Thus, MIPL's liquidity profile is expected to remain adequate over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	102.80	0.00
PAT	Rs. Cr.	3.68	0.06
PAT Margin	(%)	3.58	0.00
Total Debt/Tangible Net Worth	Times	90.75	0.00
PBDIT/Interest	Times	4.31	99.83

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

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>
- Public Finance - State Government Ratings: <https://www.acuite.in/view-rating-criteria-26.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Jan 2024	Proposed Long Term Bank Facility	Long Term	6.10	ACUITE A Stable (Reaffirmed)
	Term Loan	Long Term	543.90	ACUITE A Stable (Reaffirmed)
02 Nov 2022	Proposed Long Term Bank Facility	Long Term	6.10	ACUITE A Stable (Reaffirmed)
	Term Loan	Long Term	543.90	ACUITE A Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.10	Simple	ACUITE A Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2037	543.90	Simple	ACUITE A Stable Reaffirmed

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

Sr.No	Company Name
1.	Maharashtra State Road Development Corporation - MSRDC
2.	MSRDC Infrastructure Projects Limited

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About Acuité Ratings & Research

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