



Press Release
THANE CREEK BRIDGE INFRASTRUCTURE LIMITED
April 23, 2025
Rating Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	98.00	ACUITE AA CE Stable Upgraded	-
Non Convertible Debentures (NCD)	302.00	Provisional ACUITE AA CE Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	400.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded the long-term rating to '**ACUITE AA (CE)**' (read as **ACUITE Double A (Credit Enhancement)**) from '**ACUITE AA-**' (read as **ACUITE Double A minus**) on Rs. 98.00 Cr. Non-Convertible Debentures (NCD) of Thane Creek Bridge Infrastructure Limited (TCBIL). The outlook is '**Stable**'.

Acuité has reaffirmed the long-term rating of '**Provisional ACUITE AA (CE)**' (read as **Provisional ACUITE double A (Credit Enhancement)**) on the Rs. 302.00 Cr. of proposed Non-Convertible Debenture (NCD) of Thane Creek Bridge Infrastructure Limited (TCBIL). The outlook is '**Stable**'.

The rating on the Rs.302.00 Cr. Proposed NCD is provisional, and the final rating is subject to receipt of pending documentation:

1. Executed agreement with debenture trustee and trust deed.
2. Executed final term sheet and other debt documents.

Rationale for rating

The rating upgradation for NCD of Rs 98.00 Cr. considers the creation of upfront DSRA and a DSRA replenishment guarantee from a third party along with presence of structured payment mechanism for extending the additional security in the form of DSRA to the existing debenture holders, as the said clause was already available in the proposed non-convertible debenture holders. Further, the rating continues to factor, the strategic importance of the project undertaken by TCBIL and the parent's i.e. Maharashtra State Road Development Corporation's (MSRDC) extensive experience in undertaking large strategic road projects in Maharashtra. Also, MSRDC has provided unconditional and irrevocable guarantee for timely servicing of the bonds. The rating also derives comfort from the funding support available to TCBIL during the construction as well as operational period from the Government of Maharashtra (GoM) under the Concession Agreement which states that in case of any shortfall in subsistence revenue (which would include the servicing of the debentures), the same shall be made good by GoM apart from the funding commitment from City and Industrial Development Corporation of Maharashtra (CIDCO). The rating strengths however are partly offset by susceptibility to fluctuations in traffic volume and changes in tolling policy.

About the Company

Thane Creek Bridge Infrastructure Limited (TCBIL) is a state government company incorporated in January 2018

at Mumbai. It is a wholly owned subsidiary of Maharashtra State Road Development Corporation Limited (MSRDC) which was incorporated to oversee the construction of Thane Creek Bridge – III (TCB - III) project. Currently, there are two bridges which connect Mumbai and Navi Mumbai over the Thane Creek located in the Sion Panvel Highway (TCB - I and TCB - II). These were constructed in 1973 and 1997 respectively. The older bridge is now shut down for repairs and TCB - II is overloaded with traffic exceeding its capacity.

The Government of Maharashtra (GOM) through MSRDC has decided to develop, maintain, and operate a 3 Lane major bridge on either side of existing TCB II having length of 1.84 Km (each) including approaches of 1.31 Km

length near Vashi, Navi Mumbai on Design, Build, Finance, Operate, & Transfer (DBFOT) basis, in accordance with the terms & conditions set forth in the concession agreement in 2018. The project is completed in the month of January 2025 which was expected to be completed in the month of December 2024 with the total project cost of Rs 770.19 Cr i.e 99.12 percent of original cost incurred, and incremental cost of Rs 6.81 Cr (0.88 percent) would be incurred for miscellaneous related expenses of project. Provisional certificate of the completion is received.

Unsupported Rating

ACUITE BBB- / Stable (Excluding notchup for the strong linkages with MSRDC and GoM)

Analytical Approach

Acuité has considered the business and financial risk profile of TCBIL on a standalone basis and has thereafter, factored the parental support from MSRDC and GoM through the concession agreement.

Key Rating Drivers

Strengths

Established track record of the parent in the road infrastructure industry.

TCBIL is a subsidiary of MSRDC (100 per cent stake) and a step-down subsidiary of GoM (Government of Maharashtra). MSRDC, a corporation established and fully owned by the GoM, is a limited company incorporated in 1996. It is established to oversee large road infrastructure projects across the state of Maharashtra. MSRDC has successfully completed key projects such as Mumbai Pune Express Way (MPE), Bandra Worli Sea Link (BWSL) and Satara Kagal Road amongst others. MSRDC has also been tasked with the execution of the critical Hindu Hridayasamrat Balasaheb Thakare Maharashtra Samruddhi Mahamarg Project, a ~701 km project passing through 10 districts of Maharashtra which is also supported by GoM. The Board of TCBIL comprises of civil servants appointed by the GoM. CEO of TCBIL also holds the post of Managing Director for MSRDC.

TCBIL is tasked by MSRDC with the execution of the third Thane Creek Bridge project in Mumbai. The project is designed to reduce traffic congestion on the existing bridge. The strategically important nature to MSRDC and support from GoM ease the funding available to the project from various financial institutions and investors.

Funding shortfall support from Government of Maharashtra under the Concession Agreement

A tripartite concession agreement has been executed amongst TCBIL as the Concessionaire, MSRDC as the Sponsor & GoM as the Concessioneing Authority in 2018. This agreement forms the basis of the support from GoM available to TCBIL. As per articles of the agreement in case of cash shortfall during the operation period and/or the construction period or in case of cost overruns beyond the envisaged total project cost it would be met by the Concessioneing Authority. The agreement also provides for support from GOM in case revenue generated from the project is lower than subsistence revenue. Further, the terms of the existing and proposed debenture issue extend additional comfort to the investors. The terms provide for an initial DSRA creation amounting to 2.5 percent of the issue size at least 1 day prior to the allotment of the bonds. Further, the terms also provide for a structured payment mechanism monitored by a debenture trustee. The mechanism involves a check for the adequacy of the funds available for debt servicing on (T-59th day). The debenture trustee checks the adequacy of funds and notifies the Sponsor (MSRDC) to fund the shortfall, if any in the account by T-30 days. If any shortfall still remains on (T-29th day), the debenture trustee will again notify (second notice) the sponsors along with a copy marked to GoM to fund the shortfall within next 25 days (T-4 days) failing to which DSRA would get impaired and consequently the guarantee from MSRDC would get invoked. In the event of any shortfall still persisting on (T-3 days) the debenture trustee should transfer the requisite funds from the DSRA to bridge the shortfall.

Acuité believes that the funding support available from GoM along with the structured payment mechanism strengthens TCBIL's credit risk profile significantly.

Access to toll collection funds on the Vashi Corridor of Mumbai Entry Points toll

Mumbai Entry Points comprises of tolls at five Mumbai entry points (Eastern Express Highway Corridor, Western Express Highway Corridor, Lal Bahadur Shastri Marg Corridor, Airoli Bridge Corridor, and Vashi Corridor). As per the concession agreement, starting from October 1, 2027 to September 30, 2036, TCBIL will have access to toll collection on the Vashi Corridor which will give it a stable revenue source and thus reduce demand risk. The Vashi toll bridge has a demonstrable traffic track record which is expected to grow further, given the ongoing development in Navi Mumbai and the construction of the new international airport.

Weaknesses

Susceptibility to fluctuations in traffic volume and changes in tolling policy

Toll revenues are significantly affected by fluctuations in traffic volume and changes in tolling policies, impacting the financial stability of toll road projects and special purpose vehicles (SPV). However, this toll bridge has a

demonstrable traffic track record which is expected to grow further given the ongoing development in Navi Mumbai and the construction of the new international airport.

Recently GoM waived toll collection on passenger vehicles entering and exiting Mumbai (through Dahisar, Anand Nagar, Vashi, Airoli, and Mulund check points) effective from 15th October 2024. There has been dip in collection of tolls as reflecting from the toll collection received till Feb-25 of Rs 111.84 Cr compared with past 2 financial years i.e Rs 136.68 Cr in FY23 and Rs 158.73 Cr in FY24 of Vashicorridor of Mumbai entry points toll. Acuite believes that fluctuations in traffic volume and changes in tolling policy will remain a key rating monitorable.

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)

While the funding support from MSRDC as also GoM is clearly laid down in the concession agreement, the CE structure has been designed to ensure timeliness in the receipt of such funding. An independent debenture trustee is appointed to monitor the structured payment mechanism and such monitoring will be initiated at T-59 days and ask the TCBIL and MSRDC through written communication to fund the shortfall if any (T-30 days) and even if the shortfall still persists on (T-29 days) then the second notice would be given to MSRDC to fund shortfall in the debt service account, within next 25 days failing to which DSRA would get impaired and consequently the guarantee of the MSRDC would get invoked. In the event of any shortfall still persisting on (T-3 days) the debenture trustee should transfer the requisite funds from the DSRA to bridge the shortfall.

Stress case Scenario

Acuite believes that, given the adequacy of the structure and unconditional, irrevocable guarantee provided by MSRDC including DSRA structured payment ,funding support from MSRDC and GoM, TCBIL will be able to service its debt on time,even in a stress scenario.

Rating Sensitivities

- Commencement of commercial operations without significant cost overruns
- Any change in the shareholding or support available from the GoM.
- Credit profile of MSRDC

All Covenants

- Issuer should maintain adequate books of accounts, as per applicable accounting practices and standards, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without notice to the Debenture Trustee.
- Issuer should submit to the Debenture Trustee such financial statements as may be required from time to time in addition to the set of such statements to be furnished by the Issuer as on the date of publication of the Issuer's annual accounts.
- In case of default in repayment of the loan/advances or in the payment of the interest thereon or any of the scheduled Debt instalments on due date(s) by the Issuer, the Debenture Trustee/Bond Holder will have an unqualified right to disclose or publish the Issuer's name and its directors/partners/proprietors as defaulters/wilful defaulters in such manner and through such medium as they in their absolute discretion may think fit.
- After provision for tax and other statutory liabilities, the Bonds will have exclusive right as per arrangement of security sharing on the profits of the Issuer for repayment of amounts due to the secured lenders; in case of payment default to the lenders (unless expressly permitted otherwise by any law for the time being in force).
- Issuer shall keep the Debenture Trustee informed of the happening of any event likely to have a substantial effect on their Revenue/profit or business: along with explanations and the remedial steps taken and/or proposed to be taken. For the purpose of this covenant, substantial effect on their revenue/profit or business would mean adverse variance of 10% or more.
- Issuer will utilize the funds for the purpose mentioned in the Transaction Documents including the present arrangement with existing lenders.
- Promoter's shares in the Issuer should not be pledged to any other Entity without prior consent of Debenture Trustee.
- Comply with obligations under the Project Documents and Transaction Documents;
- Maintain adequate insurance in relation to operations under the Project;
- Create and maintain Security as per the timelines;
- Any other favourable covenant including Guarantee or Letter of Comfort from MSRDC and/or Authority stipulated by any of the other lenders to the issuer would apply mutatis mutandis to this facility also & would remain in force / effect till the full & final redemption of all the dues payable under these bonds including the present arrangement with existing lenders.

- In case Government of Maharashtra reduces its holding in MSRDC below 51%, then the bond holders would have an option to ask for premature redemption which can be exercised within 30 days of such official announcement, by servicing a notice to the Issuer and Debenture Trustee. Such prepayment amount shall be equal to the Issue Price plus the annualised yield compounded yearly from allotment till the date of such payment and will have to be paid within 30 days from the above mentioned notice.

Negative Covenants:

Issuer shall not undertake any of the following activities without prior approval from the Debenture Trustee:

- Formulation of any scheme of amalgamation or reconstruction or merger or de- merger
- Any New project or Scheme of expansion or Acquisition of fixed assets if such investment results in breach of financial covenant(s) or diversion of working capital funds for financing long-term assets
- Entering into borrowing arrangement either secured or unsecured, other than Permitted Indebtedness (aggregating to Rs 400 crore).
- Issuing any guarantee or Letter of Comfort in the nature of guarantee on behalf of any other company (including group companies).
- Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default is subsisting in any repayment obligations to the Bonds/Debt and satisfaction of Restricted Payments Conditions.
- Create any charge, lien or encumbrance over its undertaking or any part thereof
- Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Debenture Trustee. However, fixed assets to the extent of 5% of Gross Block may be sold in any financial year.
- Enter into any contractual obligation of a long-term nature/ adversely affecting the Issuer's financials.
- Amend or modify any of its constitutional documents, which have a material adverse effect;

Liquidity Position

Strong

TCBIL is expected to have a strong liquidity position. While Acuité does not foresee any positive net cash accruals in the first year of operations, TCBIL will continue to get support from GoM through the concession agreement for the construction as well as operational period. The maturing debt repayment is expected to commence only from FY2029. The liquidity of the company is likely to remain strong over the medium term on account of the commitment from MSRDC as well as GoM to fund the liquidity deficit in the initial stage of operations.

Outlook

Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(0.08)	(0.13)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	(52.65)	(29.75)
PBDIT/Interest	Times	10.72	5.08

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

Supplementary disclosures for Provisional Ratings Risks associated with the provisional nature of the credit rating

In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuite will withdraw the existing provisional rating and concurrently, assign a fresh final rating in the same press release, basis the revised terms of the transaction.

Rating that would have been assigned in absence of the pending steps/ documentation

The rating would be equated to the notched up rating derived from the State Government support to the entity i.e ACUTE AA/ Stable

Timeline for conversion to Final Rating for a debt instrument proposed to be issued

The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument.

Interaction with audit committee

As per the Chapter IV of SEBI(LODR) ,Regulation 15 (1A) and regulation 16 to regulation 27 of this chapter shall apply to a listed equity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rs five hundred crore and above.

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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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
28 Aug 2024	Non-Convertible Debentures (NCD)	Long Term	98.00	ACUITE AA- Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	302.00	ACUITE Provisional AA (CE) Stable (Reaffirmed)
29 Aug 2023	Non-Convertible Debentures (NCD)	Long Term	98.00	ACUITE AA- Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	302.00	ACUITE Provisional AA (CE) Stable (Upgraded from ACUITE Provisional AA- Stable)
16 May 2023	Non-Convertible Debentures (NCD)	Long Term	98.00	ACUITE AA- Stable (Downgraded from ACUITE AA (CE) Stable)
	Proposed Non Convertible Debentures	Long Term	302.00	ACUITE Provisional AA- Stable (Downgraded from ACUITE Provisional AA (CE) Stable)
20 May 2022	Non-Convertible Debentures (NCD)	Long Term	95.00	ACUITE AA (CE) Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	4.00	ACUITE AA (CE) Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	301.00	ACUITE Provisional AA (CE) Stable (Assigned)
01 Apr 2022	Non Convertible Debentures	Long Term	4.00	ACUITE AA (CE) Stable (Reaffirmed)
	Non Convertible Debentures	Long Term	95.00	ACUITE AA (CE) Stable (Reaffirmed)
16 Feb 2022	Non-Convertible Debentures (NCD)	Long Term	95.00	ACUITE AA (CE) Stable (Assigned)
	Non-Convertible Debentures (NCD)	Long Term	4.00	ACUITE AA (CE) Stable (Assigned)
11 Feb 2022	Proposed Non Convertible Debentures	Long Term	4.00	ACUITE Provisional AA (CE) Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	95.00	ACUITE Provisional AA (CE) Stable (Assigned)

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	INE0KPD07018	Non-Convertible Debentures (NCD)	16 Feb 2022	8.90	30 Mar 2035	98.00	Simple	ACUITE AA CE Stable Upgraded (from ACUITE AA-)
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	302.00	Simple	Provisional ACUITE AA CE 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 Limited
2	Thane Creek Bridge Infrastructure Limited

Contacts

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About Acuité Ratings & Research

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Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.