



Press Release
MSRDC PUNE RING ROAD LIMITED
March 13, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	9800.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	9800.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE A**'- (read as **ACUITE A minus**) on the Rs. 9,800 crore bank facilities of MSRDC Pune Ring Road Limited (MPRRL). The outlook is '**Stable**'.

Rationale for the rating

The rating reaffirmation reflects established track record of operations of MPRRL'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 factors in support for any shortfall in funding which the company will receive from GoM as per the signed Concession Agreement (CA). However, the rating is constrained by the nascent stage of the project with appointment date is yet to be finalized by the authority, pending equity infusion by the sponsor and the timely execution of engineering, procurement & construction (EPC) works. The rating also factors in any adverse changes in the fiscal indicators of GoM due to factors such as the prolonged slowdown in industrial activities or socio-economic challenges faced by Maharashtra.

About the Company

Incorporated in January 2022, MPRRL is a wholly owned subsidiary of MSRDC formed for implementation of access-controlled greenfield expressway having length of ~65.45 km around the city of Pune, starting from Urse toll plaza (near YCEW) and culminating at Shivare (near NH-48) on Design, Built, Finance, Operate & Transfer (DBFOT) basis in accordance with the Concession Agreement signed between Sponsor (MSRDC), Authority (GoM) and Borrower (MPRRL). The current directors of the company are Mr. Anilkumar Baliram Gaikwad, Mr. Sahebrao Kundlikrao Survase, Mr. Rajesh Bhagwan Patil and Mr. Manuj Jindal.

Unsupported Rating

Acuite BB+ | Stable

Analytical Approach

Acuite has considered the standalone approach while assessing the business and financial risk profile of MPRRL and has factored in financial, operational and managerial support it receives from GoM through MSRDC by virtue of it being a step-down subsidiary of the GoM. The rating factors in the 100 percent shareholding of MSRDC in MPRRL along with the strategically important role played by the entity in implementing a key infrastructure project in the state.

Key Rating Drivers

Strengths

Extensive experience of the promoter in the infrastructure industry and 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, the sponsor of the project has been appointed as the implementation agency for the development of access-controlled greenfield expressway around the city of Pune. MSRDC has an extensive experience in the infrastructure industry and has successfully completed several key projects such as Mumbai Pune Express Way (MPEW), Bandra Worli Sea Link (BWSL), etc. The GoM exercises significant control over the working of MSRDC through its board of directors. All the directors are nominated by the GoM from time to time. The key management personnel and the board of directors of MPRRL comprise members drawn from the senior management of MSRDC.

Acuite believes MPRRL's linkages with the GoM through its sponsor MSRDC will provide adequate support to the

credit profile of the company.

Key location of the project with increased convenience to user leading to ease in toll collection

A significant portion of the highway traffic plying between Mumbai to Bangalore is expected to use the planned ring road and will ease the intensity of traffic on the present NH-48 passing through the Pune city. As per the CA, the tenure of the concession period will be 40 years from the date of appointment of the concessionaire, which include 3.5 years of construction period for EPC contractor. The Scheduled Commercial Operation Date for the Project is 3.5 years days from date of appointment which is yet to be decided by the GoM. The company will be collecting toll income on the road from the date of achievement of COD.

Funding shortfall support agreement from GoM under the Concession Agreement

A tripartite CA is executed amongst the Borrower, as the Concessionaire, MSRDC as the Sponsor and GoM as the Concessioning Authority. This agreement forms the basis of the support from GoM which will be available to MPRRL. As per articles of the CA, any cash shortfall during the operation period and/or the construction period or in case of cost overruns beyond the envisaged total project cost would be met by the Concessioning Authority. The estimated project cost as per the CA is Rs.15,138.56 crores which will be funded by the means of debt funding which is already tied up, as well as equity contribution by the sponsor. The debt availed by the company will be serviced from the toll collection, which the company will be receiving after the achievement of COD.

Weaknesses

Nascent stage of project with significant implementation risk

The CA for the Pune Ring Road Project has been signed by the authority. Further, MSRDC is responsible for making timely land availability for the construction work. As on 7th February 2025, MSRDC has already acquired 96 percent of the total land. MSRDC proposes to issue the letter of award to appointed EPC contractors after the finalization of appointment date by the authority which is yet to be done. Given the greenfield nature of the project, the company is exposed to various risks including cost and time overruns. However, the project is split into 5 packages and awarded to multiple contractors, which mitigates the risk of failure of any individual contractor. The GoM as per the Article 25 of the CA would also provide equity shortfall support during the construction period that mitigates any funding risk and cost overruns.

Linkages to the fiscal position of Maharashtra

Maharashtra is India's leading industrial state, its gross state domestic product (GSDP) is expected (at current prices) to be Rs. 42.67 Lakh Cr. for FY2024-25 as against Rs 38.79 Lakh Cr. for FY2023-24 (RE). The fiscal deficit of Maharashtra for FY2024-25 is targeted at 2.6 percent of GSDP against 2.8% percent in FY2023-24 (RE). Any adverse changes in the fiscal indicators of GoM due to factors such as the prolonged slowdown in industrial activities or socio-economic challenges faced by Maharashtra may have a significant impact on MPRRL and will be a key monitoring factor.

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

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 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 MPRRL to meet its debt obligations even in stress scenarios.

Rating Sensitivities

- Timely finalization of the appointment date leading to commencement of EPC works.
- Timely infusion of funds and execution of the project.

Liquidity Position

Adequate

Acuite expects the cashflows from operations to remain negative for the first few years of operations for MPRRL. However, MPRRL will continue to get support from GoM under the CA during the construction as well as operational period. The debt repayment of the facility is expected to commence after 1.5 year from the achievement of COD as per the agreement. The liquidity of the company is likely to remain adequate over the

medium term on account of continued support from GoM and MSRDC to fund the liquidity deficit in the initial stage of operations.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials :

Not Available, as the company was incorporated on 12-01-2022.

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, 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
16 Sep 2024	Proposed Long Term Bank Facility	Long Term	9800.00	ACUITE A- 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	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	800.00	Simple	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2046	2750.00	Simple	ACUITE A- Stable Reaffirmed
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2046	635.00	Simple	ACUITE A- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2046	1310.00	Simple	ACUITE A- Stable Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2046	400.00	Simple	ACUITE A- Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2046	1310.00	Simple	ACUITE A- Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2046	860.00	Simple	ACUITE A- Stable Reaffirmed
National Bank for Financing Infrastructure and Development	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2046	1735.00	Simple	ACUITE A- Stable Reaffirmed

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

Sr.No.	Company Name
1	Government of Maharashtra
2	MSRDC Pune Ring Road Limited

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About Acuité Ratings & Research

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