



**Press Release**  
**MSRDC JALNA NANDED EXPRESSWAY LIMITED**  
**March 12, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13200.00	ACUITE A-   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	13200.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of ‘**ACUITE A-**’ (read as **ACUITE A minus**) to the Rs. 13,200 crore bank facilities of MSRDC Jalna Nanded Expressway Limited (MJNEL). The outlook is ‘**Stable**’.

**Rationale for the rating assigned**

The rating assigned reflects established track record of operations of MJNEL’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 factors in receipt of quarterly annuity from the concessionaire after the achievement of COD, which will be used to service the debt obligations of the company. Further, the rating also 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 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 May 2022, MJNEL is a wholly owned subsidiary of MSRDC, formed for construction, operation and maintenance of a greenfield, six lane, access-controlled expressway having length of ~179.85 km connecting Hindu Hrudaysamrat Balasaheb Thackeray Maharashtra Samruddhi Mahamarg from Jalna to Nanded and other related structures in Nanded city having length of ~4.48 km, in accordance with the concession agreement between Sponsor, Authority and the Borrower. 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 MJNEL 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 MJNEL 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**

MJNEL, which is the concessionaire, is a wholly owned subsidiary of MSRDC, which is in turn fully owned by the GoM. MSRDC, the sponsor of the project has been appointed as the implementation agency for the development

of greenfield expressway project between Jalna and Nanded along a new alignment. 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 MJNEL comprise members drawn from the senior

management of MSRDC.

Acuite believes MJNEL's linkages with the GoM through its sponsor MSRDC will provide adequate support to the credit profile of the company.

### **Receipt of annuity payments to support debt servicing**

As per the CA, the tenure of the concession period is 24 years from the date of appointment of the concessionaire, which include 2.5 years of construction period for EPC contractor. The company will be receiving quarterly annuity payments from the GoM for a period of 21.5 years after the achievement of COD. The estimated project cost as per the CA is Rs.17,798.72 crore which will be funded by the means of debt funding, which is already tied up, as well as equity infusion by the promoter. The project is being built on Design, Built, Finance, Operate & Transfer (DBFOT) annuity mode. Hence, the debt availed by the company will be serviced from the receipt of quarterly annuity payments, which the company will be receiving after the 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 MJNEL. 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.

### **Weaknesses**

#### **Nascent stage of project with significant implementation risk**

The CA for MJNEL has been signed by the authority. Further, MSRDC is responsible for making the timely land availability for the construction work. As on 7th February 2025, MSRDC has already acquired 82 percent of the total land. MSRDC proposes to issue the letter of award to the 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 6 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 concessionaire agreement 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 MJNEL 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**

MJNEL is a wholly owned subsidiary of MSRDC, which 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 shall provide 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 MJNEL 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 MJNEL. However, MJNEL 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 0.5 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 05-05-2022.

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

None

**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](http://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
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	2800.00	Simple	ACUTE A-   Stable   Assigned
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	615.00	Simple	ACUTE A-   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	2600.00	Simple	ACUTE A-   Stable   Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	1225.00	Simple	ACUTE A-   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	600.00	Simple	ACUTE A-   Stable   Assigned
National Bank for Financing Infrastructure and Development	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	1885.00	Simple	ACUTE A-   Stable   Assigned
UCO Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	1225.00	Simple	ACUTE A-   Stable   Assigned
Rural Electrification Corporation Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	1500.00	Simple	ACUTE A-   Stable   Assigned
India Infrastructure Finance Company Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2044	750.00	Simple	ACUTE A-   Stable   Assigned

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

Sr.No.	Company Name
1	Government of Maharashtra
2	MSRDC Jalna Nanded Expressway Limited

## Contacts

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### About Acuité Ratings & Research

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