

Jaora - Nayagaon Toll Road Company Private Limited

March 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	53.35 (Reduced from 114.09)	CARE AA+; Stable	Upgraded from CARE AA; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in the rating assigned to the long-term bank facilities of Jaora-Nayagaon Toll Road Company Private Limited (JTCL) is on account of increase in the toll revenue, led by healthy growth in traffic during FY24 (refers to the period April 1 to March 31) and 9MFY25 along with the revision in user fee for the project stretch. The same has led to strengthening of the debt coverage metrics.

Furthermore, the rating takes cognisance of the successful completion of the second major maintenance (MM) during June 2023, within the agreed contract price with Ashoka Buildcon Limited (ABL).

The rating continues to derive strength from the presence of a tail period of ~7.5 years. The rating also favourably views the presence of a fixed 7% hike in user fee, irrespective of wholesale price index (WPI) movements, as per the terms of the concession agreement (CA) entered with Madhya Pradesh Road Development Corporation Limited (MPRDC, authority) and the presence of a debt service reserve account (DSRA) covering six months (as against sanction term of three months) of interest and principal repayment obligations.

The rating also factors in the presence of a fixed-price operations and maintenance (O&M) contract with ACL and the next MM cycle falls beyond the loan tenor, thereby providing enough surplus to complete the scheduled next MM.

CARE Ratings Limited (CARE Ratings) takes cognisance of the non-materialization of the previous stake sale deal owing to pending approval from the respective authorities. CARE Ratings believes that non-materialization of stake sale transaction is credit neutral for JTCL.

As articulated by management, Ashoka buildcon group through its affiliates has agreed to acquire 26% stake from SBI Macquarie. Approval for the same is pending from respective authorities and is envisaged to be granted by FY26. Post completion of stake purchase, JNTCL shall be 74% held by Ashoka Group.

The above Rating strengths continue to remain tempered by the inherent revenue risk associated with toll-based road projects. Additionally, it has been observed that a major component of the traffic is freight traffic, comprising multi-axle vehicles (MAVs), forming ~50% traffic in FY24. This implies a significant dependence of traffic volumes registered on the project stretch on commercial vehicles' (CVs') traffic, leading to higher susceptibility of the revenues to economic downturns. Rating strengths are also tempered due to the O&M risk, interest rate risk, and exposure to regulatory risks attributed to the concessioning authority being a state government entity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Healthy growth in toll revenues on a sustained basis, leading to improvement in the debt service coverage ratio (DSCR) level.

Negative factors

- Decline in toll collections or adverse movements in interest rate, resulting in the average DSCR falling below 2x.
- Non-adherence of loan covenants.
- Increase in project leverage leading to average DSCR falling below 2x.

Analytical approach: Standalone

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Outlook: Stable

The stable outlook assigned to bank facilities of JTCL considers the long operational track record of the project, the strategic location of the stretch, and the low leverage.

Detailed description of key rating drivers:**Key strengths****Favourable location of the project stretch**

The project road is a part of Ajmer-Indore SH-31 and is an important highway in the state of Madhya Pradesh, connecting the southern part of the country to the north. The project stretch connects the commercial cities of Ajmer and Chittorgarh with the commercial capital, Indore, via Nimach and Ratlam and provides important links to National Highway (NH)-3 (Agra-Indore Mumbai) and NH-59 (Indore-Ahmedabad). Notably, the stretch passes through densely populated cities as well as through industrial areas, marked by the presence of a number of cement and automobile plants. The project stretch will also act as a feeder road to the Delhi-Mumbai Expressway, as the expressway will pass through the Madhya Pradesh districts of Jhabua, Mandsaur, and Ratlam and connect major cities such as Garoth, Jaora, Ratlam, and Thandla. The major component of the traffic along the project stretch is freight traffic, comprising MAVs, tractors, and light commercial vehicles (LCVs).

Track record of toll collection, fixed hike in toll rates

JTCL has an operational track record of ~13 years as on February 2025, for the entire project stretch, although the individual sections commenced tolling from September 2009 onwards. As per the CA, the company is entitled to hike the toll rates by 7% annually (effective from April 1st of every year), irrespective of the WPI movements. The same decreases the inherent revenue risk associated with WPI movements as well as traffic movements to a considerable extent.

Steady growth in toll collections

The toll revenue has increased by 9.41% to ₹226 crore in FY24 from ₹207 crore in FY23, primarily driven by traffic growth of 4.02% and revision in user fee revision, thereby the average daily toll collections increased to ₹62 lakh per day in FY24 from ₹57 lakh per day. Furthermore, the project achieved a toll revenue of ₹186 crore for 9MFY25, with the average daily toll collections at ₹68 lakh per day. The fixed revision in user fee has been instrumental in supporting the growth in toll revenue on the project stretch.

Presence of DSRA and maintenance fund

JTCL maintains a DSRA of ₹32.34 crore as on December 31, 2024, in the form of fixed deposits (FDs), which covers half of the outstanding debt obligation. Furthermore, The CA specifies the creation of a maintenance fund, which is being maintained in the form of a bank FD. This fund will be used by MPRDC to meet any O&M expenses in case the O&M contractor does not meet the maintenance specifications. The balance of the maintenance fund stood at ₹8.01 crore as on December 31, 2024.

Low project leverage and tail period of seven years

The project was financed at a low debt-to-equity ratio of 0.15x. The outstanding debt-to-annual toll collection ratio for the company stood at a comfortable level of 0.35x as on March 31, 2024 (0.58x as on March 31, 2023), against a remaining repayment period of one year and nine months, resulting in strong debt coverage ratios. Furthermore, the tail period of about seven years and six months imparts financial flexibility and is viewed favourably.

Established track record of the sponsor

The management control of JTCL rests with ACL, being the majority shareholder. The proven track record and technical capabilities of ABL and its affiliates in the execution and operation of infrastructure projects along with the presence of other experienced promoters is expected to benefit and provide support to JTCL in times of stress, if any.

Key weaknesses**Inherent revenue risk associated with toll-based projects**

JTCL continues to remain exposed to the inherent traffic risk associated with toll road projects due to its linkages with various macro-economic factors. A slowdown in the industrial activity can also hamper the traffic growth, especially CVs and, in turn, can negatively impact the toll collections. However, toll collections, and consequently, the debt servicing ability of the project continue to be insulated from any downward movements in traffic volumes by the annual fixed hike of 7% in the toll rates, irrespective of the WPI movements.

O&M risk associated with the project

Besides being a flexible pavement type, the company can face the risk of a sharp increase in O&M cost in the event of wear and tear on the road or road facilities, being more than the extent envisaged O&M cost. Furthermore, The company does not maintain any reserve towards MM expenditure. The O&M risk is largely mitigated, as the company has a fixed-price O&M contract (maintenance fees payable monthly) with ACL, which has over four decades of demonstrated experience in road construction and maintenance.

Furthermore, the company has successfully completed the second MM during June 2023, within the agreed contract price, with ABL. This apart, the next MM cycle falls beyond the loan tenor, thereby providing enough surplus to complete the scheduled next MM.

Inherent interest rate risk

JTCL is exposed to interest rate risk due to the floating rate structure of the project term loan, which may lead to higher interest costs in case of any adverse interest rate movements.

Regulatory risks associated with state concessions

The stretch is a state highway (concessioning authority: MPRDC) and is exposed to the inherent risk associated with regulations announced by the state government, which can affect the cash flow visibility of the company.

Liquidity: Strong

The liquidity profile of JTCL is marked by the cash flow visibility of the company based on the strategic location of the project stretch and the extensive track record of operations of the project. Furthermore, the company is maintaining a DSRA covering half of the outstanding debt obligation in the form of FDs and the DSRA balance stood at ₹32.34 crore as on December 31, 2024. The company has been investing surplus cash flows in mutual funds throughout its operations, apart from maintaining the required levels of DSRA and maintenance fund.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Infrastructure Sector Ratings](#)
- [Toll Road Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Infrastructure	Road Assets–Toll, Annuity, Hybrid-Annuity

JTCL was originally promoted by a consortium of the SREI group of Kolkata, PNC Infratech Limited (PNC; rated 'CARE AA+; Stable/CARE A1+') and Subhash Projects & Marketing Limited, as a SPV to undertake the four-laning, strengthening, and upgradation of the Jaora-Nayagaon section of SH-31 (erstwhile NH-79) in Madhya Pradesh, on a build, operate, and transfer (BOT)–Toll basis. ACL (subsidiary of ABL) was inducted as a stakeholder in FY13, and the group gradually increased its stake holding to 48% and has management control of the project. The CA was executed between JTCL (concessionaire) and MPRDC on August 20, 2007, for a concession period of 25 years from the commencement date (i.e., August 25, 2008). The four-laning of the entire project, which is divided into three sections, Section I (48 km), Section II (49 km) and Section III (31 km), has already been completed and commenced phase-wise operations from May 2011, February 2012, and September 2009, respectively.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov.)
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Total operating income	207.07	226.56	64.05
PBILDT	129.82	166.19	45.09
PAT	41.10	77.08	30.15
Overall gearing (times)	0.26	0.15	NA
Interest coverage (times)	3.04	4.71	6.08

A: Audited UA: Unaudited; Prov: Provisiona; NA: Not available. Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	01-01-2026	49.10	CARE AA+; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	4.25	CARE AA+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	49.10	CARE AA+; Stable	-	1)CARE AA; Stable (07-Dec-23)	1)CARE AA; Stable (05-Jan-23)	1)CARE AA-; Stable (30-Dec-21)
2	Non-fund-based - LT-Bank Guarantee	LT	4.25	CARE AA+; Stable	-	1)CARE AA; Stable (07-Dec-23)	1)CARE AA; Stable (05-Jan-23)	1)CARE AA-; Stable (30-Dec-21)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact Us

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About us:

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