DME Development Limited (Revised)

January 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Debt	6,354.32 (Reduced from 21,840.00)	CARE AAA; Stable	Reaffirmed
Term loan^	10,860.00 (Reduced from 27,160.00)	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

^Term loan of ₹5,000.00 crore, ₹3,860.00 and ₹2,000.00 crore from Bank of Baroda, Bank of India, and UCO Bank, respectively, has been fully prepaid. However, 'No Due Certificate' is awaited from the bank.

Rationale and key rating drivers

Reaffirmation in the rating assigned to the long-term debt of DME Development Limited (DMEDL or Delhi-Mumbai Expressway Project) continues to factor-in its status as a wholly owned subsidiary of the National Highways Authority of India (NHAI; rated 'CARE AAA; Stable'). The rating derives its strength from NHAI's constitutional status as an Authority incorporated under the National Highways Authority of India Act, 1988, and consequently, its strategic importance as the Government of India's (GoI's) nodal agency for implementing road projects including the earlier phases of the National Highways Development Programme (NHDP) and currently the Bharatmala Project (BMP). CARE Ratings Limited (CareEdge Ratings) expects strong operational, managerial, and financial support from NHAI in view of contractual clauses, ownership and strategic important of DME for NHAI.

The rating continues to derive strength from the legal framework afforded to DMEDL by way of the concession agreement (CA) and the implementation agreement (IA) executed between NHAI and DMEDL. While the CA entrusts DMEDL as the concessionaire with financing, development, operation, maintenance, and management of the project, the IA in turn appoints NHAI as the implementing agency for development, operation, maintenance, and management of the project, transferring the construction and operational risks back to NHAI.

The rating is additionally supported by Letter of Comfort (LoC) provided by NHAI in favour of the lenders financing the project, where, NHAI undertakes, inter alia, to retain at least 51% stake in DMEDL. This is also to infuse additional equity or arrange for term facilities in case of shortfall in funding plan towards construction of the project and to honour the annuity payments, in a timely manner, as long as there are outstanding debt obligations of DMEDL, notwithstanding the termination of the CA.

The rating continues to factor the track record of receipt of annuity payments by NHAI to DMEDL in lieu of the development and financing of the project. The annuity payments payable to DMEDL are structured in a manner as to sufficiently cover DMEDL's periodic debt servicing commitments, besides other incidental costs, the periodicity and quantum of such payments being aligned with the repayment terms of the lenders under the financing agreements.

The rating also takes cognizance of the significant reduction in debt obligations following NHAI's fund support of ₹38,979 crore till January 20, 2026, which enabled DMEDL to fully prepay its outstanding rupee term loans aggregating to ₹26,610 crore and buy back non-convertible debentures (NCDs) amounting to ₹11,356 crore.

However, these rating strengths are tempered to some extent owing to inherent construction risk associated with the project.

CareEdge Ratings has withdrawn the rating assigned to the long-term instrument amounting to ₹5,000 crore, and term loan of ₹7,500 crore, ₹2,800 crore, ₹5,000 crore, ₹500 crore, and ₹500 crore from State Bank of India, Punjab National Bank, Canara Bank, Axis Bank, and Karnataka Bank, respectively, with immediate effect, as the company has repaid the aforementioned bank facilities in full and there is no amount outstanding under the facility as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Negative factors

- Any deterioration in the credit profile of the sponsor / counterparty, NHAI.
- Inadequacy or delay in receipt of annuities from NHAI.
- Reduction in shareholding of NHAI below 51%.
- Dilution of strategic importance of DME for NHAI.

Analytical approach:

Standalone factoring strong linkages with the sponsor – NHAI.

Outlook: Stable

Stable outlook reflects strategic importance of DME for NHAI, its ownership and favourable contractual terms to mitigate the risk in both construction and operational phase.

Detailed description of key rating drivers:

Key strengths

Structured legal framework through execution of CA and IA between DMEDL and NHAI with minimum obligations on DMEDL

NHAI and DMEDL have entered a CA, where DMEDL has been vested with rights related to financing, development, operation, maintenance and management of the project. The project will be fully financed by DMEDL, which will raise funds from the market by means of debt and equity and will recover the investment by way of periodic annuities from NHAI. DMEDL's obligations in respect of contracts executed by NHAI with third-party concessionaires for existing sections of DMEDL on either engineering, procurement, and construction (EPC) or hybrid annuity model (HAM) basis will be limited to performing and fulfilling the authority's obligations under the existing contracts. Pursuant to execution of the CA between NHAI and DMEDL for development of the Delhi-Mumbai expressway, DMEDL has further entered an IA with NHAI, where NHAI takes back the rights and responsibilities related to development, operation, maintenance, and management of the project. The contractual terms of the IA are co-terminus with those of the CA. The responsibilities of land acquisition, approvals and clearances is with NHAI, and related costs will be incurred by NHAI directly.

Track record of receipt of annuity payments from NHAI, flexibly structured in line with debt servicing schedule

DMEDL has received monthly annuity payments from NHAI starting from September 2024, aligned with the debt servicing schedule of the debt as agreed with the lenders, under the financing agreements, and other incidental expenses of DMEDL. NHAI has also formed an escrow account to ring-fence the toll revenues from the Delhi-Mumbai expressway, which will provide a secure revenue stream to NHAI to make periodic payments to DMEDL and annuity payments to HAM concessionaires. Moreover, there would be no revenue risks to DMEDL, as NHAI has committed annuity payments obligations, which will remain in force till the entire debt obligations of DMEDL are fully repaid. As such, CareEdge Ratings observes that DMEDL's ability to service debt obligations in a timely manner would depend on NHAI's timely and adequate annuity payments.

Strong parentage and financial support from NHAI

DMEDL is a 100% owned entity of NHAI, which is the nodal agency responsible for the development and maintenance of national highways. NHAI is vested with executive powers for developing national highways in India by the Ministry of Road Transport & Highways (MoRTH). The charter of NHAI is set out in the National Highways Act, 1956 and National Highways Authority of India Act, 1988. With the GoI having a 100% stake in NHAI, it receives continuous support from the GoI in the form of capital grants, allocation of cess funds, ABS, among others.

The project is being funded through a debt and equity mix of 9:1. Of the total cost of ₹53,849 crore, NHAI will infuse equity of ₹5,385 crore, whereas the remainder of ₹48,464 crore will be funded through debt, the same will be done in a phased manner. As on January 23, 2026, DMEDL has incurred a total cost of ₹58,869 crore (including IDC) out of total ₹53,849 crore initially funded through equity of ₹5,385 crore from NHAI and balance thorough debt. The cost overrun has been funded through NHAI per the sponsor support undertaken.

Through the LoC, NHAI also undertakes to retain at least 51% of the stake in DMEDL till the debt availed by the latter is fully repaid. The key management personnel and the board of directors of DME comprise members from the senior management of NHAI.

Strategic location and economic significance of the Delhi-Mumbai expressway

The Delhi-Mumbai Expressway project is a part of the government and NHAI's overarching initiative to improve the road transport network in the country. The proposed stretch – of ~1,374 km – is one of the flagship highway projects currently being executed by NHAI. It is being planned as an access-controlled, high-speed corridor, providing quick connectivity between the states of north India and those of west and south India, more importantly, giving a reliable access to the country's prominent economic and social hubs, such as Mumbai, Delhi, Vadodara, Kota, and Jaipur, while reducing the distance and travel time significantly. The project would connect production centres in north India for international trade by providing seamless connectivity to the ports in Gujarat and Maharashtra. The strong regional connectivity proposed through the project is expected to aid in increased regional trade and economic growth. The project road also serves as an important corridor for industries, such as agriculture and processed food, automotive and auto ancillaries, textiles, chemicals, stone polishing, engineering and cement across Delhi, Kota and Vadodara. The project expects to reduce the travel time between Delhi and Mumbai to 12 hours from the current 23 hours.

Prepayment of debt and buyback of NCDs

NHAI entered supplementary agreement with DMEDL in September 2025, adding the clause, where it may provide requisite support to the concessionaire for the payment/prepayment of all or part of its outstanding debt.

Consequent to this, NHAI has extended fund support amounting to ₹38,979 crore to the company till January 20, 2025, for the purpose of facilitating the prepayment of its existing borrowings, either in full or in part. Pursuant to the said Fund Support, the company has prepaid its entire outstanding rupee term loans aggregating to ₹26,610 crore on October 01, 2025, which were due to lender banks. Of the balance fund support, the company has bought back bonds aggregating to ₹11,356 crore.

Support in the form of LoC provided by NHAI

NHAI undertakes to support the project by way of a LoC to the lenders for raising funding for the project and servicing thereof. NHAI has issued an LoC to the lenders of DMEDL for the debt raised till date. Per the LoC, NHAI will aim to maintain debt to equity ratio of 9:1 for the project. Moreover, in case of shortfall in the funding plan in the construction stage, the same will be arranged by NHAI through equity infusion by NHAI and/or debt from within or outside the banking system. Per terms of LoC and financing documents NHAI shall fund designated rupee term-loan escrow account held with the lender at least one business day prior to the due date for repayment of the respective instalments in accordance with the provisions of the financing agreement. The obligations of NHAI to render such support to DMEDL for its debt-servicing commitment towards its lenders will remain effective entirely, so long as sum remains outstanding from DMEDL in respect of debt availed by it, notwithstanding events like termination of the CA or a concessionaire event of default.

Key weaknesses

Inherent project execution risk

The projects under DMEDL are under the execution stage. The Delhi-Mumbai greenfield expressway is being developed by NHAI, requiring significant investments. DMEDL will be exposed to inherent construction risk attached with road projects. However, the risk of delay in land acquisition and construction timelines has been mitigated through the existing arrangement of CA and IA, where the responsibility of land acquisition, managing the construction and completing the project on time has been transferred to NHAI. The responsibility of completing the project within the estimated budget has also been vested in the interests of NHAI. Annuity payments have commenced in accordance with the debt obligations of DMEDL, where DMEDL has received monthly annuities on time amounting to ₹4,746.12 crore. Per the CA and IA, the risks which may hamper the project have been assigned to NHAI, which has been achieved mainly through commercial and legal framework afforded to the project. Until January 23, 2026, DMEDL has incurred a total expenditure of ₹58,869 crore (excluding land cost). As on November 30, 2025, 99% of the required land is in possession for the Delhi-Vadodara Section, 92% of the required land is for the Vadodara-Mumbai Section, and 99% of the required land is for DND Sohna Package 2. The overall physical project progress stood at ~90% till November 30, 2025. Packages 8 and 9 on the Vadodara–Mumbai stretch continue to lag and are the primary factors slowing overall project completion. The associated time and cost overrun risks are expected to be absorbed by NHAI under the existing implementation framework.

Liquidity: Strong

The project is in under-construction stage, where the necessary equity will be infused by NHAI, and debt would be tied up. In the operational phase, NHAI would make periodic payments to DMEDL as annuity, which will be aligned with the repayment schedule of the debt as agreed with the lenders under the financing agreements and other incidental expenses of DMEDL.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Road Assets-Annuity
Construction Sector
Infrastructure Sector Ratings
Withdrawal Policy

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

DMEDL, a 100% owned entity of the NHAI (rated 'CARE AAA; Stable'), has been incorporated on August 29, 2020, to undertake the development of the Delhi-Mumbai Expressway project. The proposed Delhi Mumbai Expressway project is one of the flagship highway projects currently being executed by NHAI, and the same was underscored in the Union Budget 2020. The project is expected to be completed by November 2026, given project status stands at ~90% as on November 30, 2025. The total estimated project cost for Delhi-Mumbai expressway (excluding IDC) is envisaged at ~₹87,453 crore (including the land acquisition cost proposed to be borne by NHAI).

DMEDL will raise the finance required for the development of the Delhi-Vadodara section under EPC contract and upfront commitment required for development of Vadodara-Mumbai section under HAM contract.

Brief Financials (₹ crore)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	2,210.13	1,944.69
PBILDT*	2,209.34	1,944.56
Profit after tax (PAT)	-51.43	-38.87
Overall gearing (x)	NM	NM
Interest coverage (x)	NM	NM

A: Audited UA: Unaudited NM: Non-Meaningful; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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
Debt-Term Loan				30-Sep-2038	10860.00^	CARE AAA; Stable
Debt	INE0J7Q07017	16-Mar-2022	3-month T-Bill +311 basis points	16-Mar-2037	0.00	Withdrawn
	INE0J7Q07108	16-Mar-2022		17-Mar-2036	0.00	
	INE0J7Q07090	16-Mar-2022		16-Mar-2035	0.00	
	INE0J7Q07082	16-Mar-2022		16-Mar-2034	0.00	
	INE0J7Q07074	16-Mar-2022		16-Mar-2033	0.00	
	INE0J7Q07066	16-Mar-2022		16-Mar-2032	0.00	
	INE0J7Q07058	16-Mar-2022		17-Mar-2031	0.00	
	INE0J7Q07041	16-Mar-2022		18-Mar-2030	0.00	
	INE0J7Q07033	16-Mar-2022		16-Mar-2029	0.00	
	INE0J7Q07025	16-Mar-2022		16-Mar-2028	0.00	
Debt	INE0J7Q07215	24-Feb-2023	7.82%	24-Feb-2033	1650.50	CARE AAA; Stable
	INE0J7Q07223	14-Mar-2023	7.89%	14-Mar-2033	878.82	
	INE0J7Q07231	04-Dec-2023	7.74%	04-Dec-2038	2025.00	
	INE0J7Q07249	01-Mar-2024	7.55%	01-Mar-2039	1025.00	
	INE0J7Q07256	11-Dec-2024	7.23%	11-Dec-2034	775.00	

^Term loan of ₹5,000.00 crore, ₹3,860.00 and ₹2,000.00 crore from Bank of Baroda, Bank of India, and UCO Bank, respectively, has been fully prepaid. However, 'No Due Certificate' is awaited from the bank.

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 2025-2026	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
1	Debt	LT	6354.32	CARE AAA; Stable	-	1)CARE AAA; Stable (31-Jan-25)	1)CARE AAA; Stable (01-Feb-24)	1)CARE AAA; Stable (02-Feb-23)
2	Debt-Term Loan	LT	10860.00	CARE AAA; Stable	-	1)CARE AAA; Stable (31-Jan-25)	1)CARE AAA; Stable (01-Feb-24)	1)CARE AAA; Stable (02-Feb-23)

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	Debt-Term Loan	Simple
2	Debt	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in Maulesh Desai Director **CARE Ratings Limited** Phone: +91-79-4026 5605 E-mail: maulesh.desai@careedge.in Setu Gajjar Assistant Director **CARE Ratings Limited** Phone: +91-79-4026 5615 E-mail: setu.gajjar@careedge.in

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