



Press Release

February 28, 2025

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	103.48	ACUITE BBB- Stable Assigned	-
Non Convertible Debentures (NCD)	72.81	ACUITE BBB- Stable Assigned	-
Total Outstanding	176.29	-	-
Total Withdrawn	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating at '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 103.48 crore bank facilities of GMR Ambala Chandigarh Expressways Private Limited (GACEPL). The outlook is '**Stable**'.

Acuite has assigned the long-term rating at '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 72.81 crore Non- Convertible Debentures of GMR Ambala Chandigarh Expressways Private Limited (GACEPL). The outlook is '**Stable**'.

Rationale for Rating

The assigned ratings takes into account the long & established track record of operations exhibited by improved toll collections reflected on y-o-y basis. Acuite also notes the additional comfort derived from the advance instalments made for servicing debt obligations till August 2025. Further, GACEPL has sufficient cushion in form of free fixed deposits stood at Rs. 69 Cr. as on 31st December 2024 (excluding DSRA) to prepay further debts. However, the above-mentioned strengths are partly off-set by susceptibility of toll collection towards traffic volumes.

About the Company

Bangalore Based, GMR Ambala Chandigarh Expressways Private Limited it is incorporated in 2005. The Company engaged in development of highways on build, operate and transfer model on toll basis. This entity is a Special purpose Vehicle which has entered into a Concession Agreement with National Highways Authority of India for carrying out the project of Design, Construction, Development, Improvement, Operation etc. between Ambala and Chandigarh at NH21. Currently Mr. Bangaru Raju Obbilisetty Mr. Mani Santosh Bommidala, Mr. Arun Kumar Sharma, Ms. Kavitha Gudapati and Mr. Bajrang Lal Gupta are the directors of the company.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile to arrive at the rating of GACEPL.

Key Rating Drivers

Strengths

Established track record in toll collection

The company is operating & collecting toll since achieving COD in 2008. GACEPL, wholly owned subsidiary of GMR Group, having vast and long track of experience for more than three decades of managing PPP projects. However, the operations were affected in FY 21 due to pandemic & farmers' protest. As of now, increased toll collection has been seen in the operating profile of the company in current financial year and expected to continue with the aid of strong promoter group which has been extended in the form of Compulsory Convertible Debentures which stood at Rs. 211 Crore. Acuite believes that the GACEPL will continue to benefit from its extensive experience of the promoters in medium to long

term.

Favourable outcome post implementation of restructuring plan

The company's account was restructured on 3rd January 2024. Initially, the company had to pay 10% of the restructured debt after implementation of RP. However, the company has pre-paid 16.52% of the restructured sustainable debt post implementation of Resolution plan (RP) till 31-12-2024 as per the terms and conditions and in compliance of guidelines which covers the repayment obligation till August 2025.

As per the RP, the outstanding debt divided into two parts i.e. Sustainable Debt of Rs. 169.88 Cr. (70%) and unsustainable debt of Rs. 72.81 Cr. (30%) in the form of NCD (issued at 0.01%). Furthermore, the interest rate for sustainable debt has also been revised at 8.7% p.a. thereby the reduction of 2.7% in the interest rate.

Improvement in Toll Collections

The company has collected Rs. 34.99 Cr. excess toll revenue till 15th February 2025 against the projected toll revenue as per the approved RP due to closure of Shambu border. The closure of the Shambu border benefited the toll collections for GMR Expressway, leading to rise in collections by ~42%. This additional toll collection leads to cash surplus available with the company to the extent of Rs. 69 Cr. as on 31st December 2024 in their escrow account in form of FDs. In order to utilize surplus cash available, company has proposed the lenders to pre-pay the term loan (sustainable) to an extent of another Rs. 60 Cr. Acuite believes that the company is expected to generate excess toll collections, which would improve the operational profile of the company in near to medium term.

Weaknesses

Susceptibility of toll collection towards traffic volumes

The cash flows are entirely toll based; thus operations are susceptible to fluctuations in traffic movements. Traffic movement is linked to the level of economic activity in and around the operational area. Any event or regulatory interventions likely to affect traffic movement may create pressure on toll revenues, thereby affecting the cash flows of the company. In such situations, the company is dependent on the sponsor for funding support.

Rating Sensitivities

- 1. Steady cash flows.
- 2. Significant deterioration in liquidity profile

All Covenants

The borrower shall ensure that the following financial ratios have been maintained during the tenure of the respective facilities.

Financial covenants stipulated post implementation of resolution plan:

Parameters	Benchmark
Adj. average DSCR	>=1.25

Post implementation of resolution plan, that DSCR shall be calculated as per the formula stated in the TEV report. The DSCR shall be maintained at an average rate of 1.25 from the cut-off date to the end of the concession period.

The borrowers shall, based on its audited annual financial statements, provide a certificate to the lender certifying DSCR achieved in that financial year.

Liquidity Position

Adequate

The liquidity position is adequate, indicating the company is generating surplus cash accruals against debt obligation for the same year. Further, the company has free fixed deposit of Rs. 69 Cr. as on 31st December 2024. Also, the additional comfort of same has been provided by the presence of DSRA which stood at Rs. 5.20 Cr. to the lenders and toll collection would be routed through an escrow account with waterfall mechanism. The average DSCR from between FY25-28 is expected to remain stood comfortable at 2.90 times.

Outlook - Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	81.15	71.50
PAT	Rs. Cr.	(27.24)	(36.26)
PAT Margin	(%)	(33.57)	(50.72)
Total Debt/Tangible Net Worth	Times	(0.73)	(0.66)
PBDIT/Interest	Times	1.82	1.10

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

None

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>

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 :

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
Not Applicable	INE655H07015	Non-Convertible Debentures (NCD)	01 Nov 2023	0.01	30 Jun 2027	72.81	Simple	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.02	Simple	ACUITE BBB- Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	31.70	Simple	ACUITE BBB- Stable Assigned
Central Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	29.26	Simple	ACUITE BBB- Stable Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	26.90	Simple	ACUITE BBB- Stable Assigned
Bank of Maharashtra	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	10.98	Simple	ACUITE BBB- Stable Assigned

Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	4.62	Simple	ACUITE BBB- Stable Assigned
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Contacts

Mohit Jain Senior Vice President - Rating Operations Kartik Arora Analyst - Rating Operations	Contact details exclusively for investors and lenders Mob: +91 8591310146 Email ID: analyticsupport@acuite.in
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About Acuité Ratings & Research

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