

Press Release
CHHATTISGARH EAST RAILWAY LIMITED
February 04, 2026
Rating Reaffirmed



| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|------------------|---------------------------------|-------------------|
| Bank Loan Ratings | 3792.00 | ACUITE A- Stable Reaffirmed | - |
| Total Outstanding Quantum (Rs. Cr) | 3792.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuité has reaffirmed the long-term rating of '**ACUITE A-**' (**read as ACUITE A minus**) on the Rs. 3792.00 Cr. of bank facilities of Chhattisgarh East Railway Limited (CERL). The outlook remains '**Stable**'.

Rationale for Rating

The rating reaffirmation takes into account the strategic importance of the rail corridor being developed by the company for transportation of coal to various parts of the country. Further the rating also factors in the improving scale of operation of CERL with generation of revenues from the commissioned length of Phase I. The rating also draws comfort from the strong parentage, operational and financial assistance received by CERL from its promoters. Further, rating takes into account the refinancing of the existing debt of Phase I by the Power Finance Corporation (PFC) with a sanctioned limit of Rs. 3166.68 Cr, estimated project cost of Rs. 3958.35 Cr. and completion timelines of March 2028. Moreover, as articulated by the management, the project is expected to completed by June 2026 at the earlier estimated cost of Rs. 3407.68 Cr.

However, the rating is constrained on account of pending completion of 24 km of 124 km of Phase I and complete construction of 62.5 km of Phase II. Further, timely completion of the rail corridor without cost over runs will be a key rating sensitivity.

About the Company

Chhattisgarh East Railway Limited (CERL) was incorporated in 2013 as a special purpose vehicle (SPV) by South Eastern Coalfields Limited (SECL - 64 % stake), Ircon International Limited (IRCON - 26 % stake) and Chhattisgarh State Industrial Development Corporation Limited (CSIDCL - 10 % stake). CERL was established with the specific purpose of setting up the East Rail Corridor from Kharsia to Dharamjaygarh up to Korba with a spur line from Ghargoda to Donga Mahua, approximately 180 km in length. This project is currently being executed in two phases.

Phase I

In the first phase, CERL will implement the railway line from Kharsia to Dharamjaygarh along with the spur line, and three feeder lines. This 124 km track length line will help in transporting coal and other raw materials from coal mines of SECL and other coal mines of Mand – Raigad coalfield spread in Raigarh district. The project commissioning started from October 2019. Out

of the total 124 km, 100 km line construction has already been completed and has started generating revenue. Of the balance 24 km, 17 km is expected to be completed by June 2026.

The remaining 7 km line is currently on hold, board decision for cancellation / completion of the same is awaited.

Phase II

In the second phase, CERL will implement a New BG electrified single line rail corridor from Korba (Urga) to Dharamjaygarh in Chhattisgarh state over South East central railway, approximately 62.5 km in length. The Phase II project is a critical link between the CERL Phase I and CEWRL (Chhattisgarh East West Railway Limited) and will facilitate surplus coal movement of Mand-Raigarh Coalfields and Basundra Coalfields to other parts of the country. The Phase II project is being constructed at a total cost of Rs. 1686.22 Cr and is expected to be completed by June 2027.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of CERL and notched up the standalone rating by factoring in the strong operational and financial support extended by its promoters (South Eastern Coalfields Limited (SECL) ~64 per cent, Ircon International Limited (Ministry of Railways) ~ 26 per cent and Government of Chhattisgarh (CSIDCL) ~10 per cent). The notch up in the rating of CERL is based on the nature of the relationship with the government entities and CERL and the strategic importance of CERL for implementation of the East Rail Corridor.

Key Rating Drivers

Strengths

Strong parentage

Chhattisgarh East Railway Limited (CERL) was established in 2013 by SECL, IRCON and GoCG for developing the East Railway Corridor and enhancing the coal production of SECL. SECL, the parent of CERL, is a subsidiary of Coal India Limited, and has over 60 mines spread over Chhattisgarh (35) and Madhya Pradesh (25). It produced ~167 million tonnes of coal in FY2025. Ircon (formerly Indian Railway Construction Company Limited), responsible for the construction of rail infrastructure in both the phases, is an engineering and construction company specialized in transport infrastructure. The public sector undertaking was established in 1976, by the Government of India and is a wholly owned entity of the Ministry of Railways. Ircon has completed over 405 major infrastructure projects in India and over 130 major projects across the world in more than 25 countries. The rating derives strength from the strong parentage of CERL, the significant experience of such promoters in project execution, strong financial flexibility and also their sovereign ownership.

Acuité believes that such promoter linkages and execution capabilities will offset the project risks to a considerable extent in CERL.

Strategic importance of the East Rail Corridor

The Chhattisgarh East Rail Corridor is a strategically significant infrastructure initiative for the government, as it enhances the efficiency and reliability of coal transportation from multiple mines to thermal power plants, thereby strengthening India's energy supply chain and supporting national power-sector objectives. The project holds particular importance for SECL, as it plays a strategic role in facilitating large-scale coal excavation and ensuring smoother, more efficient evacuation of coal from the region. Furthermore, the corridor is critical for decongesting existing railway lines and establishing new connecting routes to key mining areas, enabling improved coal movement toward northern, central, and eastern India. By improving freight capacity, reducing logistics constraints, and streamlining coal distribution across the state, the corridor is expected to boost industrial growth, generate employment, and contribute to long-term economic development in the resource-rich region.

of Chhattisgarh. The East Rail Corridor Project has been declared as a 'Special Railway Project' by the Ministry of Railways for which CERL has been nominated as the concessionaire for the East rail Corridor Project.

Improving scale of operations

The revenue of CERL has been improving aided by commissioning of major portion of infrastructure and increased traffic movement along the Phase I of corridor. CERL receives its share of revenue as 'freight charges' from the South East Central Railway (SECR) as 50% apportionment out of the total freight collected by SECR from the operations along this corridor. The CERL is also entitled to receive 60% inflated milage. Further, it also receives terminal charges at the origin stations. In FY2025, CERL recorded a revenue of Rs. 109.39 Cr as against Rs. 51.21 Cr in FY2024. The topline is further expected to improve, evident from 9M FY2026 revenue of Rs. 128.92 Cr. However, PAT continues to remain negative owing to high finance costs. Currently, the company has been servicing its interest obligations through unsecured opex loans infused by the promoters.

Weaknesses

Delays in project commissioning

The CERL rail corridor project has encountered multiple instances of time and cost over runs. The Phase I was initially expected to be completed by October 2019 at a total cost of Rs. 3054 Cr, which later escalated to Rs. 3407.68 Cr. (Rs. 3302.71 Cr. incurred till Nov 2025) and timelines extended to June 2026. The delays occurred as project encountered significant challenges including clearance for forest land acquisition, diversion of tracks due to technical viability, disruption of construction activities due to the pandemic. Further, the company had to stop the work on the advice of Government of Chhattisgarh as coal blocks had been awarded to M/s Maharashtra State Power Generation Co. Limited (MAHAGENCO) and Chhattisgarh State Power Generation Company (CSPGCL) on the envisaged route. MAHAGENCO and CSPGCL requested CERL to realign the railway line to the extent it was falling within the boundaries of coal blocks awarded to them. Further, for Phase II the initial timelines are escalated from April 2026 to June 2027 owing to land acquisition challenges and design issues, with a total cost of Rs. 1686.22 Cr. (Rs. 648.20 Cr. incurred till Nov 2025). Therefore, any further delays in completion or cost overruns remains a key rating monitorable.

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)

Chhattisgarh East Railway Limited (CERL) receives parentage as well as operational & financial aids from its SECL, IRCON and CSDCL.

Stress case Scenario

Acuite believes that, owing to the strong parentage and promoter shortfall undertaking from SECL for debt servicing, CERL is expected to service its debt obligations on time, even in stress scenarios.

Rating Sensitivities

- Timely completion of project, without any cost over runs.
- Continued support of the promoters to service the debt obligations

Liquidity Position Adequate

Currently, the company is in the construction phase and does not have any repayment obligations till 6months post COD achievement. Further, the support from its promoters is expected to fund the repayment obligations for the initial years after COD.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 25 (Actual) | FY 24 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 109.39 | 51.21 |
| PAT | Rs. Cr. | (161.38) | (94.88) |
| PAT Margin | (%) | (147.53) | (185.27) |
| Total Debt/Tangible Net Worth | Times | 5.35 | 3.82 |
| PBDIT/Interest | Times | 0.36 | 0.08 |

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

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>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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 |
|-------------|--------------------------------|-----------|-----------------|---------------------------------|
| 07 Nov 2024 | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 282.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 187.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 1349.00 | ACUITE A- Stable (Assigned) |
| | Term Loan | Long Term | 658.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 376.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| 27 May 2024 | Term Loan | Long Term | 658.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 376.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 282.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 187.00 | ACUITE A- Stable (Reaffirmed) |
| 27 Feb 2023 | Term Loan | Long Term | 658.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 376.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 235.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 282.00 | ACUITE A- Stable (Reaffirmed) |
| | Term Loan | Long Term | 187.00 | ACUITE A- Stable (Reaffirmed) |

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 Loan | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 2443.00 | Simple | ACUITE A- Stable Reaffirmed |
| CENTRAL BANK OF INDIA | Not avl. / Not appl. | Term Loan | 28 Aug 2023 | Not avl. / Not appl. | 31 Mar 2042 | 1349.00 | Simple | ACUITE A- Stable Reaffirmed |

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

| Sr. No | Name of the companies |
|---------------|---|
| 1 | Chhattisgarh State Industrial Development Corporation Limited |
| 2 | Ircon International Limited |
| 3 | South Eastern Coalfields Limited |
| 4 | Chhattisgarh East Railway Limited |

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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