



**Press Release**  
**Gangamai Kalyan Acr Private Limited**  
**July 23, 2024**  
**Rating Assigned and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	135.00	ACUITE BBB   Stable   Assigned	-
Bank Loan Ratings	390.00	ACUITE BBB   Stable   Upgraded	-
Bank Loan Ratings	46.00	-	ACUITE A3+   Upgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	571.00	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to '**ACUITE BBB**' (read as **ACUITE t riple B**) from '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) and a short-term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) from '**ACUITE A3**' (read as **ACUITE A three**) on Rs.436.00 Cr. bank facilities of Gangamai Kalyan ACR Private Limited (GKACR). The outlook is '**Stable**'.

Acuite has assigned the long-term rating of '**ACUITE BBB**' (read as **ACUITE t riple B**) on Rs.135.00 Cr. bank facilities of Gangamai Kalyan ACR Private Limited (GKACR). The outlook is '**Stable**'.

**Rationale for upgrade in rating**

The upgrade in rating considers the completion of the project along with all the milestone payments received from NHAI. Further, the first annuity payments for the company are expected to be received from August 2024. Furthermore, the rating factors in the adequate liquidity of the company in the form of DSRA created equivalent to six months installments and interest and also an escrow mechanism. Acuite has also considered the technical support and funding support in the form of corporate guarantees for the loan availed from the sponsor while arriving at the rating.

**About the Company**

Maharashtra based GKACR was incorporated in December 2020 as a joint venture between Gangamai Industries & Construction Limited (GICL) (51%) and Kalyan Toll Infrastructure Limited (KTIL) (49%). It was formed as a special purpose vehicle (SPV) to undertake the four laning of Ausa Chakur road which is part of National Highway 361 near Aurangabad under the Hybrid Annuity Model (HAM). NHAI is the concessioning authority for the project. The present directors of GKACR are Mr. Ranjeet Padmakar Mulay and Mr. Padmakar Haribhau Mulay.

**Unsupported Rating**

ACUITE BBB- | Stable

**Analytical Approach**

The team has considered the standalone business and financial risk profile of Gangamai Kalyan ACR Private Limited (GKACR) while arriving at the rating. The financial support expected from the Parent/Sponsor companies Gangamai Industries and Construction Private Limited (GICL) whenever required has been factored while arriving at the rating.

## Key Rating Drivers

### Strengths

#### Experienced management along with extensive experience of sponsor

Gangamai Kalyan ACR Private Limited (GKACR) is a JV between Gangamai Industries and Constructions Limited (51%) and Kalyan Toll Infrastructure Limited (49%). GKACR was established in December 2020. KTIL provides complete technical assistance to GKACR and has more than a decade of experience in the infrastructural construction business and has an established track record of successful project completion of more than Rs.1600.00 crore worth of projects. KTIL is promoted by Tikamchand Garg, Rajesh Kumar Garg, Amit Kumar Garg, and Jyoti Soni. GIACL is a part of Padmakar Mulay Group of Companies of Aurangabad, incorporated in May 1999. The group is led by Mr. Padmakar H Mulay an industrialist having more than 45 years of rich experience. GICL has provided the financial support to project undertaken by GKACR wherein ~Rs.124.70 crore has already been infused by GICL. Acuite believes that the company will benefit from the experienced track record of operations of the sponsor- GICL in the near to medium term.

#### Annuity-based revenue model

The project being constructed under hybrid annuity model. Under this model, NHAI makes bi-annual payment over the concession period to the concessionaire. The company does not bear any traffic risk as it recovers whole of the capital cost through annuity. Further, bi annual operational and maintenance expense and interest cost reimbursement to the extent of bank rate+3 per cent is given to the concessionaire during the concession phase. The company has achieved 100 per cent construction stage and received all milestone payment from the authority. Further, the company has achieved COD (Commercial Operation Date) as on 15-05-2024 and first annuity payment is expected from August 2024. And also the existing loan with Tata Cleantech capital Limited & Aseem Infrastructure Finance Limited has been taken over by Union Bank of India with a Top up loan of Rs 135.00 crore amounting to total loan sanctioned of Rs.525.00 crore.

#### Waterfall Mechanism in ESCROW account and Debt-service reserve account (DSRA)

GKAPL has escrow mechanism through which cash flows from authority is routed and used for payment as per the defined payment waterfall. The company also has to maintain DSRA equivalent to 6 months interest and principal is to be maintained. Only surplus cash flow after meeting operating expense, debt servicing obligation, and provision for major maintenance expense, can be utilised as per borrower's discretion during the concession period. Further, corporate guarantee of sponsor is available. Any shortfall in debt servicing and shortfall in resources required for completion of project are to be met through support from GICL.

### Weaknesses

#### Susceptibility to risks related to delay in receipt of annuity and changes in operational cost & interest rate

As per the concession agreement, the company is expected to receive a semi-annual annuity. Any delay in timely receipt of the annuity could adversely impact debt-servicing ability. Along with fixed annuities, the project will receive interest payments on the balance annuities that are linked to the prevailing bank rate. The bank rate has reduced significantly in past couple of years which has impacted the project inflow as a large proportion of the cash inflow is from the interest on balance annuities. However, this risk is partially offset as the interest rate on debt is floating and is also expected to follow the trend in bank rates thus keeping DSCR in check. Further, the company is exposed to risks related to maintenance of the project. If the prescribed standards are not met, annuity payment may be reduced. Any significant delay and deduction in annuities could impact the debt servicing ability of the company. However, strong track record of sponsor, who is also the O&M contractor, is expected to mitigate this risk.

### Rating Sensitivities

- Timely payment of annuity receipts from NHAI going forward.
- Significant deterioration in the sponsor's credit profile.

- Timely support from the sponsor for O&M activities.

**Liquidity Position: Adequate**

GKACR's liquidity position is adequate marked by timely milestone payment received from NHAI, while executing the project and also the company starts receiving the annuity payments from August 2024. Acuité expects the liquidity of GKACR is likely to remain adequate backed by consistent support from government in terms of annuity payments and also DSRA maintained by the company equivalent to six months installments and interest.

**Outlook: Stable**

Acuité believes that the outlook on GKACR's rated facilities will remain stable over the medium term on account of support of sponsors and benefits from the annuity-based model. The outlook may be revised to 'Positive' in case of significant improvement in free cash flow from operations. Conversely, the outlook may be revised to 'Negative' in case of delays in annuity receipt or lack of timely support from the sponsor.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	7.80	65.23
PAT	Rs. Cr.	(0.14)	(0.28)
PAT Margin	(%)	(1.79)	(0.43)
Total Debt/Tangible Net Worth	Times	(1.08)	(1.30)
PBDIT/Interest	Times	(1543.82)	(707.36)

### 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, 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Jul 2023	Proposed Short Term Bank Facility	Short Term	46.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	390.00	ACUITE BBB-   Stable (Reaffirmed)
14 Apr 2022	Bank Guarantee (BLR)	Short Term	46.00	ACUITE A3 (Assigned)
	Term Loan	Long Term	40.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	350.00	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	46.00	ACUITE A3+   Upgraded ( from ACUITE A3 )
Union Bank of India	Not avl. / Not appl.	Term Loan	27 Mar 2024	Not avl. / Not appl.	17 Dec 2038	Simple	390.00	ACUITE BBB   Stable   Upgraded ( from ACUITE BBB- )
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2038	Simple	135.00	ACUITE BBB   Stable   Assigned

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

Sr.No.	Company Name
1	Gangamai Industries and Construction Private Limited
2	Gangamai Kalyan ACR Private 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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