



Press Release
AHMEDABAD RING ROAD INFRASTRUCTURE LIMITED
September 01, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	367.00	ACUITE BB Reaffirmed Rating Watch with Negative Implications	-
Total Outstanding Quantum (Rs. Cr)	367.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BB**' (read as **ACUITE double Bo**)n Rs. 367.00 Cr. Non-Convertible Debentures of Ahmedabad Ring Road Infrastructure Limited (ARRIL). The ratings have been placed under '**Rating watch with Negative Implications**'.

Rationale for rating watch and reaffirmation

The rationale for placing under watch is based on the event of default (EOD) notices (dated 30th October 2024, 15th January 2025, 13th March 2025, 21st July 2025) issued by the debenture trustee (as per instructions of the debenture holders) to ARRIL, pertaining to non-compliance of certain covenants related to security perfection and other breaches as per the Debenture Trust Deed (DTD) dated July 10, 2024. Further, the notice dated July 21, 2025 also highlights charging of default interest @ 4% p.a. from Sept 01, 2024 till July 21, 2025 amounting to Rs. 10.21 Cr., which was to be paid within stipulated timeline of 3 days from the date of notice. However, the issuer has contested on the triggered EODs and requested for a meeting with the debenture holders in its response dated Aug 23, 2025 to discuss the future course of action. Also, while the default interest continues to accrue with each passing day till the date of curing of EOD, in line with the clauses stipulated in the trust deed, Acuite has been made to understand that the debenture trustee has not received any further written instruction from the debenture holders to recover the same. However, considering that default interest liabilities is accruing on a daily basis till the same is cured and any further action by the trustee to recover the same shall impact the cashflows of ARRIL, the rating is placed at 'Rating watch with negative implications'.

Further, Acuite understands from the trustee all dues towards principal & interest obligations have been timely paid by the issuer. The rating factors in the strong operational track record of the Sardar Patel Ring Road project for more than 15 years with consistent growth in traffic and tariff rates along with the increasing car compensation receipts from Ahmedabad Urban Development Authority (AUDA). Also, as per the management articulation, they are in advance stages of refinancing these NCDs at a lower finance cost.

About the Company

Ahmedabad Ring Road Infrastructure Limited (ARRIL) is a special purpose vehicle (SPV) promoted by Sadbhav Engineering Limited (SEL) through its step-down subsidiary, Sadbhav Infrastructure Projects Limited (SIPL), for implementing the ring road project around the municipal limits of Ahmedabad city. The project was awarded by Ahmedabad Urban Development Authority (AUDA) for broadening the then existing 76 km two-lane ring road around Ahmedabad to four lanes along with operation and maintenance of the same up to December 2026 on a build, operate and transfer (BOT) model. The project (commonly known as Sardar Patel Ring Road) comprises of seven toll plazas having 56 toll lines, was completed at a total cost of Rs. 514.96 Cr., financed through term loan of Rs. 405 Cr. and balance through equity/grant, achieved commercial operations date (COD) on June 30, 2008. Consequently, in August 2024, the company raised additional debt through non-convertible debentures (NCD) of Rs. 334 Cr. utilised towards repayment of existing debt of ARRIL (Rs. 86 Cr.), repayment of its parent's (SIPL) and ultimate parent's (SEL) lenders (Rs. 205 Cr.) and balance towards its operational creditors and issue expenses.

These NCDs are primarily secured against the cashflows of the company, residual charge on the balance proceeds from the stake sale of Maharashtra Border Checkpost Network Limited(MBCPNL) to Adani Group and recovery

of GST claims from National Highway Authority of India (NHAI) under change in law clauses on the group's three hybrid annuity road projects.

The directors of the company as on June 30, 2025 are Mr. Mahendrasinh Rajusinh Chavada, Mr. Jatin Thakkar, Mr. Purushottambhai Bhulabhai Patel, Mr. Jignasu Yogendrabhai Dixit and Mr. Tarang Madhukar Desai.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of ARRIL to arrive at the rating.

Key Rating Drivers

Strengths

Strong operational track record with increasing operating revenues

ARRIL has been operating and maintaining the project since July 2008, establishing a strong operational track record of more than fifteen years. The project stretch connects various national highways, state highways and other urban roads of Ahmedabad with 19 major roads of various categories either connecting or crossing this road. Further, the substantial growth of industrial and commercial activities around Ahmedabad, coupled with a rising population, has contributed significantly to economic development and a corresponding increase in traffic. Also, the concession agreement permits for increase in toll rates every year in the month of September based on the average wholesale price index (WPI) of last one year ended in March as compared with that of preceding financial year. Therefore, the increasing traffic volumes and tariffs has contributed to the consistent growth in ARRIL's revenue with Rs. 266.67 Cr. in FY25 as compared to Rs. 235.42 Cr. in FY24. Further, the revenue also includes compensation of Rs. 81.62 Cr. in FY25 (Rs. 70.74 Cr. in FY24) from AUDA towards the exemption of toll charges on passenger vehicles.

Waterfall mechanism in escrow account for debt servicing

ARRIL has escrow mechanism through which the cash flows from toll collections and authority is routed and used for payment as per the defined payment waterfall. Only surplus cash flow after meeting statutory payments, operating and maintenance expense, and debt servicing obligation, can be utilised as per borrower's discretion during the concession period.

Weaknesses

Delay in recovery of GST claims and MBCPNL stake sale proceeds

In FY25, the debt servicing of NCDs to the tune of Rs. 59.22 Cr. was managed through the cashflows of ARRIL. Further, the group has claimed ~Rs. 215 Cr. towards GST recovery under the change in law clauses for its three HAM projects for which receipts are expected to start flowing from third quarter of the current financial year. Also, the balance stake sale proceeds of MBCPNL of Rs. 192.50 Cr., which was earlier expected in February 2025 is yet to be received by SIPL. Moreover, the recent announcement by Government of Maharashtra on closure of the RTO points of MBCPNL and its impact on the receipt of balance proceeds shall be a rating monitorable. Since a major chunk of the NCD repayments are due in the remaining period of FY26 (Rs. 115.07 Cr.) and Q1FY27 (Rs. 124.60 Cr.), therefore, timely receipts of these proceeds are critical for debt servicing and shall remain a key rating sensitivity.

Susceptibility of toll collections to operation and maintenance works or materialisation of EOD liabilities

With the increasing traffic movement, the road requires operation and maintenance on a periodic basis to be carried by the company. Further, along with this there is a major maintenance (MM) work which the SPV needs to perform every five years. Therefore, for the routine maintenance, the company has entered into a contract with SEL and for major maintenances it creates provisions on a yearly basis. However, failing to perform the timely maintenance will affect the operating revenues, thereby, affecting the debt servicing capability of the company. Further, any significant liabilities arising from the ongoing EODs highlighted by the trustee impacting the cash outflows of the company shall be 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)

ARRIL maintains a escrow account with waterfall mechanism.

Stress case Scenario

Acuité believes that given the presence of waterfall payment in escrow mechanism, ARRIL will be able to service its debt on time, even in a stress scenario.

ESG Factors Relevant for Rating

The infrastructure development industry has a significant social impact, as it is a labour-intensive business. Social issues significant for the industry are community support and development, employee safety and human rights. Governance issues that are relevant include board and management compensation, transparency in related party transactions, shareholder's rights and board diversity. The extent of direct or indirect emissions and the efficiency of deployment of vehicle fleets and heavy machinery has a considerable impact in the environmental performance of this industry. Since material costs are relatively high, strategies should be in place to reduce wastages and recycle raw materials to the extent possible to minimize the environmental impact.

SEL, the sponsor company, has policies in corporate governance category on board independence, key management retention and business conduct and ethics. The company has designated committees for corporate social responsibility (CSR), risk management, stakeholders' relationship, nomination and remuneration amongst others. The company has a total of 5 number of board of directors out of which 2 are executive directors, 2 non-executive directors and 1 independent director. The company has CSR committee consisting of 3 members with major focus on promoting education, health care, sustainable livelihood, protection of the environment, infrastructure development, eradicating hunger and poverty amongst others.

Rating Sensitivities

- Any further development with respect to EOD leading to significant liabilities to be paid within the stipulated time period impacting the cashflow position and liquidity profile of the company
- Any reduction in traffic leading to lower than estimated toll collections
- Timey receipts of GST receivables from NHAI or MBCPNL proceeds for debt servicing

All Covenants

- There shall be deleveraging event wherein Rs. 100 Cr. shall be paid towards total due of investment amount.
- Achievement of deleveraging event within two years from the date of investment
- On receipt of MBCPNL Proceeds and GST claims, the same shall permitted to be utilised first towards repayment of the debt borrowed from Allianz consortium to the extent of Rs. 138 Cr. Any cashflows over and above this, shall be solely utilised towards servicing of total dues.
- No further/ additional construction shall be done on the mortgaged land parcels without prior approvals from the investors.
- SIPL shall not divest any stake in ARRIL till the total dues are fully repaid.

Liquidity Position

Adequate

In FY25, the company generated cash accruals of Rs. 99.70 Cr., to repay maturing debt obligations of Rs. 96.94 Cr. Moreover, consistent growth in the cash accruals, timely receipt of GST claims and balance stake sale proceeds of MBCPNL shall be critical for debt servicing in the near to medium term.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	266.67	235.42
PAT	Rs. Cr.	61.08	68.81
PAT Margin	(%)	22.90	29.23
Total Debt/Tangible Net Worth	Times	0.88	0.44
PBDIT/Interest	Times	2.68	5.39

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>

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. Acuité'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
04 Jun 2025	Proposed Non Convertible Debentures	Long Term	33.00	ACUITE BB Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	334.00	ACUITE BB Stable (Reaffirmed)
04 Jun 2024	Proposed Non Convertible Debentures	Long Term	367.00	ACUITE BB Stable (Assigned)

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	INE091107011	Non-Convertible Debentures (NCD)	23 Aug 2024	20.00	30 Jun 2026	334.00	Simple	ACUTE BB Reaffirmed Rating Watch with Negative Implications
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUTE BB Reaffirmed Rating Watch with Negative Implications

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About Acuité Ratings & Research

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