RATING RATIONALE

16 Sept 2021

Ahmednagar Bypass Road Project Private Limited

Brickwork Ratings converts the provisional rating to the final ratings for the Bank Loan Facilities of Rs. 252.12 Crores of Ahmednagar Bypass Road Project Private Limited ('ABRPPL' or 'The Company')

Particulars:

Facility**	Previous Amount (Rs. Crs.)	Present Amount (Rs. Crs.)	Tenure	Previous Rating (May 2021)	Present Rating*
Fund based Term Loan	275.00	**252.12**	**Long Term**	Provisional BWR A-(CE)^/Stable	**BWR A-(CE)^ Stable (Converted from Provisional Rating to Final Rating)**
Non-Fund Based Bank Guarantee (sub-limit of fund based)	-	**(78.65)**	**Long Term**	-	
Total	275.00	**252.12**	**Rupees Two Hundred Fifty Two Crores and Twelve Lakhs Only**		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings
** Details of bank facilities have provided in Annexure-I
^The 'Credit Enhancement (CE)' rating is based on a credit enhancement in the form of an unconditional and irrevocable Corporate Guarantee received from the parent GHV India Private Limited with a T-5 structure, the guarantor undertaking the payment of dues at T-2 date.
Unsupported Rating: BWR BB+ /Stable

RATING ACTION / OUTLOOK

The rating takes into account the long track record of parent GHV India Private Limited (GHVIPL) in executing road projects, low revenue risk due to built-in indexed annuities in the Hybrid Annuity Model (HAM) model to be received from the National Highways Authority of India (NHAI), moderate project risk profile and moderate debt structure. However, the ratings are constrained by project execution risks, maintaining the costs in control and any unforeseen likelihood of delay in future annuity receipts from the NHAI.
The Stable outlook on the rating reflects BWR's opinion that ABRPPL's business risk profile will be maintained over the medium term.
The suffix "CE" indicates the Credit Enhancement derived from the unconditional and irrevocable Corporate Guarantee received from the parent GHV India Private Limited with a T-5 structure, the guarantor undertaking the payment of dues at T-2 date.

KEY RATING DRIVERS

Credit Strengths-:

- **Benefits of executing project under HAM model:**
  The rating draws comfort from the hybrid modified annuity model nature of the project, wherein 40% of the project cost (amounting to Rs. 286 crore) and operation and maintenance (O&M) expenses of Rs.3 crore which is funded by the authority during the construction period in the form of construction support. BWR also takes comfort from the fact that the counterparty in this case is the NHAI, thus lowering the counterparty risk. Benefits also include indexation to the Bid Project Cost (BPC) and O&M cost to the extent of inflation, and interest payments on residual annuity payments during the operational period. However, the timely receipt of annuity during the operational period will remain a key rating monitorable.

- **Experienced promoters in the Engineering, Procurement and Commissioning Operations:**
  GHV Group has an established track record of executing EPC contracts. The company has executed contracts worth more than Rs.4,000 crores. The company and its promoters have over four decades of experience in successfully implementing EPC projects with government bodies including PWD, Maharashtra and the NHAI.

- **Satisfactory financial performance of the parent/sponsor company:**
  In FY20, GHVIPL's Total Operating Income was Rs.1113.09 crores, with an EBITDA of Rs.121.73 crores. GHVIPL's Tangible Networth as of FY20 stood at Rs.276.57 crores with a comfortable Debt/Equity Ratio of 0.61X. GHVIPL's had good coverage indicators for FY20, with the ISCR and DSCR at 2.53X and 1.41X, respectively. GHVIPL has earned an income of Rs. 1126.07 crs. as per the provisional financial results for FY21 and had an outstanding order book of ~Rs.4479.96 crores as of January 2021 (~3X FY20 revenues), providing medium-term revenue visibility.

Credit Risks-:

- **Project execution and implementation risks:**
  The Appointed Date (Start of Construction Date) is 21st July,2021. The SCOD of the project is 730 days from the Appointed date. As such, there are significant project construction and implementation risks.

- **Annuity Payment receipts from Authority:** Timely receipt of the upfront grant amounts and annuity payments from NHAI as per agreed terms in the Concession Agreement remains a key rating sensitivity.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has essentially relied on the audited financials of FY17-FY20, provisional financials of FY21 and projected financials of FY22 of parent company GHVIPL, projected financials of ABRPPL from FY21 to FY33 based on the annuities expected to be received by ABRPPL as a part of the concession agreement with the NHAI, provisions of the concession agreement, publicly available information and information/clarifications provided by the company's management. GHVIPL, as the sponsor and parent entity, has provided an unconditional and irrevocable corporate guarantee with a T-structure undertaking for the debt availed by ABPRPPL.

RATING SENSITIVITIES

The rating is sensitive to the timely execution of the project within the estimated cost, timely receipt of government grants during the implementation period and receipt of annuity payments as scheduled within a reasonable time post the implementation from the NHAI.

Upward: The rating may be upgraded post the achievement of the COD and commencement of regular annuity payments from the authority.
Downward: The rating may be downgraded if there are delays in project execution, leading to cost overruns and any delays in the receipt of timely annuities from the government during pre-construction and post-construction periods.

LIQUIDITY POSITION - ADEQUATE

The liquidity position of ABRPPL is adequate. The estimated cost of the project is Rs. 659.70 crores. The Estimated Project Cost will be financed by equity of Rs.100.00 crores, an NHAI grant during the construction period of Rs.286.00 crores (40% of BPC of Rs.715 crs.) plus an NHAI grant inflation linked component of Rs.21.39 crores and senior debt of Rs.252.12 crores. ABRPPL's term loan debt obligations will commence from FY24 onwards, i.e., post the completion of the project. The expected annuity payments are proposed to be escrowed with the lender. The average DSCR on the basis of the expected annuities and the estimated costs/debt servicing obligations for the proposed loan are projected to be 1.34X, indicating adequate margins.

COMPANY PROFILE - ABRPPL (SPV)

Ahmednagar Bypass Road Project Private Limited (ABRPPL) or (the company) is a Special Purpose Vehicle (SPV) incorporated in January 2019 to undertake the 'Improvement and Construction of Ahmednagar Bypass (from km 0.000 to km 40.600) in the state of Maharashtra on a Hybrid Annuity Mode'. The company is promoted by GHV Group and is a subsidiary of GHV India Private Limited. The Government of India had entrusted to the NHAI the development, maintenance and management of National Highway No. 160 and 222 (new NH-61), including the section of Ahmednagar Bypass from km163.400 of NH–160 to km 228.700 of NH–222 (new NH–61). The NHAI proposes to augment the existing road from Ahmednagar Bypass (km 163.400 of NH – 160 to km 228.700 of NH – 222 (new NH–61) in the

State of Maharashtra by Four-Laning there of (the project) on a design, build, operate and transfer (DBOT) Annuity or Hybrid Annuity basis, which shall be financed by ABRPPL, who shall recover its investment and costs through payments to be made by the NHAI, in accordance with the terms and conditions to be set forth in a concession agreement to be entered into.

The project road after km 211+000 passes through the congested areas of Ahmednagar town and Bhingar village. It is not possible to four-lane the project road in this stretch. Therefore, there is a necessity of a bypass at Ahmednagar. The BPC is Rs.715.00 crores, and the first year O&M is Rs.3.00 crores. The estimated cost of the project is Rs. 651.14 crores.The estimated cost of the project is Rs. 659.70 crores. The Estimated Project Cost will be financed by equity of Rs.100.00 crores, an NHAI grant during the construction period of Rs.286.00 crores (40% of BPC of Rs.715 crs.) plus an NHAI grant inflation linked component of Rs.21.39 crores and senior debt of Rs.252.12 crores. The company had signed the Concession Agreement (CA) on 6 January 2021. The Appointed Date (Start of Construction Date) is 21st July,2021. The SCOD of the project is 730 days from the Appointed date.

COMPANY PROFILE - GHVIPL (Sponsor and Guarantor)

GHV India Private Limited (GHVIPL) is the sponsor of the project and is implementing the project through Ahmednagar Bypass Road Project Private Limited (ABRPPL), a subsidiary of GHVIPL.

GHV Group started its business in 1965 as a partnership firm. GHV (India) Private Limited was incorporated in 2009. GHV Group has established a track record in executing the majority of its infrastructure construction and development projects in a timely manner. It has wide experience and proven expertise in EPC services for the infrastructure sector with operations diversified across the highways, railways, airport runways and parking bays, buildings, and water and irrigation verticals.

The group is promoted by Vijapura Family. The promoters hold a 100% share in the company. The promoters have an experience of over four decades in the construction industry. This has given them a strong understanding of market dynamics and they have long-standing relations with key customers and suppliers. Furthermore, over the years, the company has equipped itself to take up larger projects with limited dependence on subcontracting.

GHVIPL has revenue visibility because of an outstanding order book of around Rs. ~7239 Crs. which is expected to be complete in the next 3-4 years. 90% of the orders relate to the Road projects with 95% of the order book from the Central Government and 5% from the State Governments.

KEY FINANCIAL INDICATORS (in Rs. Crs.) - ABRPPL (SPV)

The appointed date for the project was declared as July 21, 2021. The construction is yet to begin

KEY FINANCIAL INDICATORS (in Rs. Crs.) - GHVIPL (Sponsor and Guarantor)

Key Parameters	Units	FY19	FY20	FY21
Result Type		**Audited**	**Audited**	**Provisional**
Total Revenue	(Rs. Crs.)	1269	1119.2	1130
EBITDA	(Rs. Crs.)	138	127.32	125.13
PAT	(Rs. Crs.)	43.0	39.5	40.9
Total Debt	(Rs. Crs.)	141.0	167.5	132.4
Tangible Networth	(Rs. Crs.)	217.0	266.9	317.5
Gearing	Times	0.7	0.6	0.4

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

- **Maintenance of DSRA:** The Borrower shall create a Debt Service Reserve (DSR) out of cash flow from the Project to meet the Debt service requirements for the ensuing 3 (three) months for an amount equal to 1 instalment of principal and 3 months interest payment due to the Lenders after meeting the Debt service obligations during the operational phase.
- **Corporate Guarantee:** Unconditional and irrevocable corporate guarantee with T- structure from Parent-GHV India Private Limited
- **Escrow Account:** ABRPPL's entire toll receipts, termination payments and other receipts relating to their activity including deposit, bills, foreign exchange, merchant banking should be restricted only to the financing bank and routed through Escrow Account.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

RATING HISTORY FOR THE LAST THREE YEARS (included withdrawal and suspended)

Facilities	Current Rating			Rating History			
	Tenure	Amount (Rs. Crs.)	Rating	2021 (May)	2020	2019	2018
Fund Based	Long Term	252.12	**BWR A-(CE) Stable** (Converted from Provisional Rating to Final Rating)	Provisional BWR A- (CE) Stable	NA	NA	NA
Non Fund Based (Sub limit of fund based)	Long Term	(78.65)		-	NA	NA	NA
Total		**252.12**	**Rs. Two Hundred Fifty Two Crores & Twelve Lakhs Only**				

COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple
For more information, visit **www.brickworkratings.com/download/ComplexityLevels.pdf**

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Road-HAM Projects**

<table>
<tr><th colspan="2">Analytical Contacts</th></tr>
<tr><td>Anshul Nagar
Primary Analyst
Board: +91 11 23412232
anshul.n@brickworkratings.com</td><td>Vipula Sharma
Director – Ratings
Board: +91 80 4040 9940
vipula.s@brickworkrating.com</td></tr>
<tr><td>1-860-425-2742</td><td>media@brickworkratings.com</td></tr>
</table>

Ahmednagar Bypass Road Project Private Limited

ANNEXURE I

Details of Bank Facilities rated by BWR

<table>
<tr><th>Sl. No.</th><th>Name of the Bank</th><th>Type of Facilities</th><th>Long Term (Rs. Crs.)</th><th>Short Term (Rs. Crs.)</th><th>Total (₹ Cr)</th></tr>
<tr><td>1.</td><td rowspan="2">Canara Bank</td><td>Term Loan</td><td>252.12</td><td>-</td><td>252.12</td></tr>
<tr><td>2.</td><td>Bank Guarantee
(sub-limit of term loan)</td><td>(78.65)</td><td>-</td><td>(78.65)</td></tr>
<tr><td colspan="4">TOTAL</td><td></td><td>252.12</td></tr>
</table>

Rupees Two Hundred Fifty Two Crores and Twelve Lakhs Only

For print and digital media: The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings: Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non-convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, www.brickworkratings.com. More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.