

August 08, 2023

Gujarat Road and Infrastructure Company Limited: Update on Material Event

Summary of rating outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Non-convertible debenture programme	147.50	147.50	[ICRA]AAA (Stable)
Total	147.50	147.50	

*Instrument details are provided in Annexure-I

Rationale

Material Event

On July 28, 2023, the Macquarie Group executed share purchase agreements (SPA) with Highways Infrastructure Trust (HIT), sponsored by Galaxy Investments II Pte. Ltd, an affiliate of Kohlberg Kravis Roberts & Co. L.P. (KKR), for sale of their entire stake in Swarna Tollways Private Limited and 83.61% shareholding of Gujarat Road and Infrastructure Company Limited (GRICL) for aggregate equity value of ~Rs. 3,000 crore. The deal is expected to be concluded over the next few months, subject to receipt of necessary approval/consents from the concerned lenders as well as the project awarding authority - National Highways Authority of India (NHAI, rated [ICRA]AAA(Stable)) and completion of certain conditions precedent therein.

Impact of Material Event

At present, ICRA has an outstanding rating of [ICRA]AAA (Stable) on the NCD of the company. ICRA had taken a standalone rating approach for GRICL while factoring its long operational track record, strong debt coverage metrics and robust debt structure. Restrictions on additional indebtedness and ring-fencing of cash flows lends support to the credit profile. Hence, change in shareholding is not expected to have any material impact on the financial and operating risk profile of the asset. However, ICRA would continue to closely monitor any further developments related to this event and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities: Click [here](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for BOT (Toll) Roads
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the company's standalone financial profile

About the company

GRICL is promoted by MAIF Investments India PTE Limited(56.80%), Government of Gujarat (16.39%), IL&FS Group (16.81%) and Infiniti Realty Opportunities Trust (10.00%) for the strengthening and four-laning of the 31.7-km Vadodara-Halol and 51.6-

km Ahmedabad-Mehsana stretches. These are the first set of state road highway projects developed in the country on build, own, operate and transfer (BOOT) model. The total project cost is Rs. 514.88 crore, which was funded through Rs. 297 crore of debt and Rs. 217.88 crore of equity. The Vadodara-Halol stretch commenced operations from October 24, 2000, while Ahmedabad-Mehsana stretch achieved COD on February 20, 2003. Although the concession period is for 30 years, it is not fixed. As per the CA, if the company is unable to earn 20% returns on the total project cost at the end of 30 years, the concession period will be extended by two years at a time until the project cost and the return thereon are recovered.

Key financial indicators (audited)

	FY2021	FY2022	FY2023
Operating income	157.2	220.2	368.3
PAT	66.8	108.0	195.2
OPBDIT/OI	69.17%	70.01%	87.87%
PAT/OI	42.48%	49.04%	53.01%
Total outside liabilities/Tangible net worth (times)	0.5	0.4	0.3
Total debt/OPBDIT (times)	1.7	1.1	0.4
Interest coverage (times)	5.3	8.6	19.3

Source: GRICL, ICRA Research: PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding	Date & Rating on	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2020
					Aug 08, 2023	Mar 31, 2023	April 01, 2022	April 06, 2021	Mar 31, 2020
1	NCD	Long-term	147.50	147.50	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
2	NCD	Long-term	0.00	0.00	-	-	-	[ICRA]AAA (Stable); Withdrawn	[ICRA]AAA (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debentures	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE354H07098	NCD	13-Apr-16	9.00%	31-Mar-23	12.50	[ICRA]AAA(Stable)
INE354H07106	NCD	13-Apr-16	9.00%	31-Mar-24	25.00	[ICRA]AAA(Stable)
INE354H07114	NCD	13-Apr-16	9.00%	31-Mar-25	25.00	[ICRA]AAA(Stable)
INE354H07122	NCD	13-Apr-16	9.00%	31-Mar-26	25.00	[ICRA]AAA(Stable)
INE354H07130	NCD	13-Apr-16	9.00%	31-Mar-27	15.00	[ICRA]AAA(Stable)
INE354H07148	NCD	13-Apr-16	9.00%	31-Mar-28	15.00	[ICRA]AAA(Stable)
INE354H07155	NCD	13-Apr-16	9.00%	31-Mar-29	15.00	[ICRA]AAA(Stable)
INE354H07163	NCD	13-Apr-16	9.00%	31-Mar-30	15.00	[ICRA]AAA(Stable)

Source: GRICL

Annexure II: List of entities considered for consolidated analysis-Not Applicable

ANALYST CONTACTS

Rajeshwar Burla

+91 40 4067 6527

rajeshwar.burla@icraindia.com

Ashish Modani

+91 20 6606 9912

ashish.modani@icraindia.com

Chintan Lakhani

+91 22 6169 3345

chintan.lakhani@icraindia.com

Rohit Agarwal

+91 22 6169 3329

rohit.agarwal@icraindia.com

Ayush Porwal

+91 22 6169 3352

ayush.porwal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

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ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



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