

March 15, 2023

Kalthia Bhavnagar Pipli Highway Pvt. Ltd.: Moved to Non-Cooperating category, ratings downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund Based - Term Loan	369.00	369.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB+ (Stable) and moved to the 'Issuer Not Cooperating' category
Short-term Non-fund Based - Bank Guarantee	(132.00)	(132.00)	[ICRA]A4+ ISSUER NOT COOPERATING; Rating downgraded from [ICRA]A2 and moved to the 'Issuer Not Cooperating' category
Total	369.00	369.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has downgraded the ratings of **Kalthia Bhavnagar Pipli Highway Pvt. Ltd.** (KBPHPL) and moved the rating to 'Issuer Not Cooperating' category. The rating is now denoted as "[ICRA]BB+ (Stable) ISSUER NOT COOPERATING/[ICRA]A4+ ISSUER NOT COOPERATING".

As part of its process and in accordance with its rating agreement with KBPHPL, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category. The rating is based on the best available information.

The rating downgrade is because of lack of adequate information regarding KBPHPL's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, key financial indicators, liquidity position and rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy in respect of non-co-operation by the rated entity Rating Methodology for BOT (Hybrid Annuity Model) Roads Rating Approach - Implicit parent or group support
Parent/Group support	Parent: Kalthia Engineering and Construction Limited (KECL). The rating assigned to KBPHPL factors in the very high likelihood of its parent, KECL, extending financial support to it because of close business linkages between them. ICRA expects KECL to be willing to extend financial

	support to KBPHPL out of its need to protect its reputation from the consequences of a group entity's distress
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

About the company

KBPHPL, a special purpose vehicle (SPV), is a joint venture between KECL (74% stake) and JP Iscon Pvt. Ltd. (26% stake). The company has entered into a 17.5 years concession agreement (including two-and-half years of construction period) on May 9, 2018 with the NHAI. It intends to undertake four-laning of the Pipli-Bhavnagar stretch, near Adhelai village to Nari Junction from the existing 10-metre wide road, in Gujarat, through a private public partnership (PPP) on a hybrid annuity mode. The construction of the project started in February 2019 and was expected to be completed by Q3FY2022/Q4FY2022. The total project cost of Rs. 820 crore is being funded by a debt-equity ratio of 3:1 net of NHAI grant.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of Nov 30, 2021 (Rs. Crore)	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020
				Mar 15, 2023	Dec 31, 2021	Sep 25, 2020	Apr 25, 2019
1 Fund based Term Loan	Long-Term	369.00	329.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
2 Non-fund based Bank Guarantee	Short-Term	(132.00)	-	[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A2	[ICRA]A2	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based Term Loan	Simple
Short-term Non-fund based Bank Guarantee	Very 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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based Term Loan	FY2019	NA	FY2035	369.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Non-fund based Bank Guarantee	NA	NA	NA	(132.00)	[ICRA]A4+ ISSUER NOT COOPERATING

Source: Company

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

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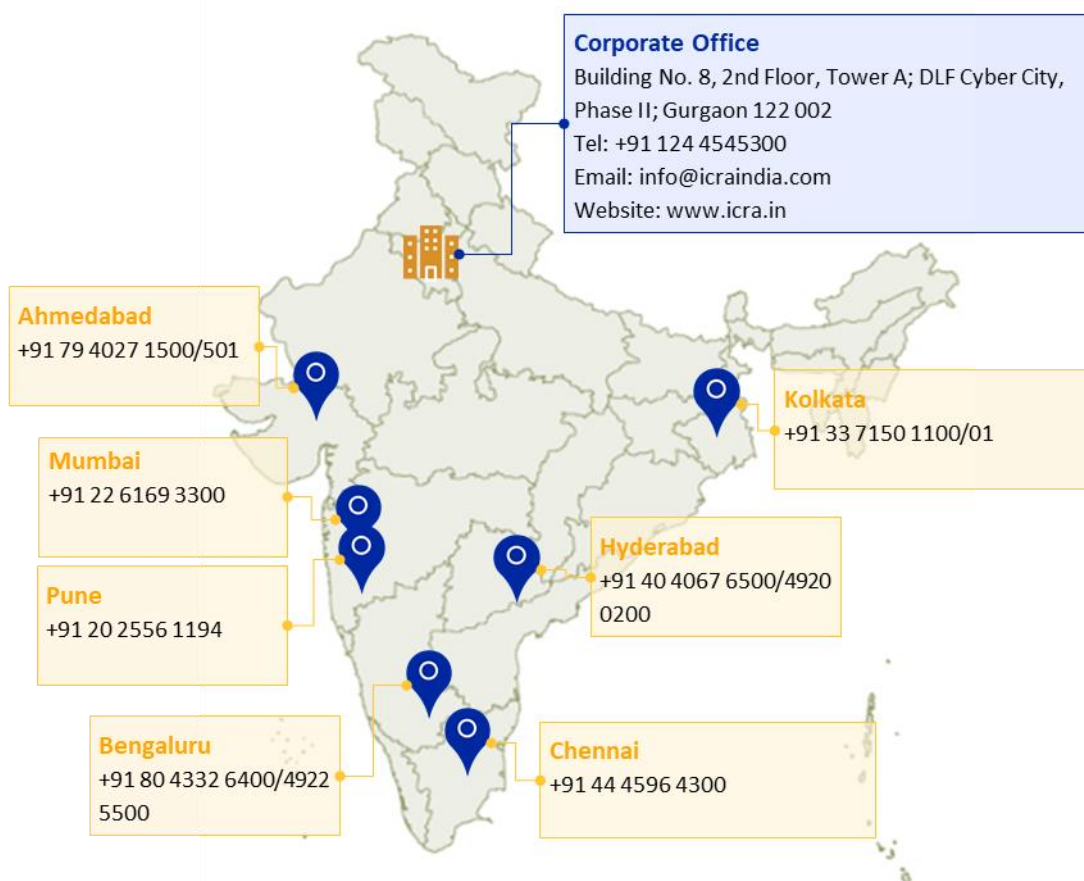


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