

GHOTKI KANDHOT ROAD & BRIDGE COMPANY (PVT.) LIMITED

Analyst:

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	RATING DETAILS			
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A2	A	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	November 03, 2025		July 31, 2024	

Shareholding (5% or More)

Sachal Engineering Works (Pvt.) Ltd. 53.33%

Government of Sindh (GoS) – 46.67%

Other Information

Incorporated in 2018

Private Limited Company

Chief Executive: Mr. Shafi Ullah Khan

External Auditor: Reanda Haroon Zakaria & Company Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology - Corporates Ratings

<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

The ratings reflect a strong shareholding structure of Ghotki Kandhkot Road & Bridge Company (Pvt.) Limited (GRBC), jointly owned by Sachal Engineering Works (Pvt.) Ltd. (SEWPL) and the Government of Sindh (GoS). The majority stake of 53.33% is held by SEWPL through ordinary non-voting Class A shares, along with management control, while the remaining 46.67% is held by the sub-sovereign, GoS, through non-voting Class B shares. The involvement of GoS provides a significant layer of institutional and financial comfort, underscoring public-sector backing and the strategic importance of the project. Meanwhile, SEWPL contributes extensive technical expertise and a solid execution track record in infrastructure development, particularly toll roads and bridge projects across the Indus River. SEWPL's strong financial position further enhances GRBC's operational stability and overall credit profile. Going forward, the ratings will remain sensitive to the timely achievement of financial close, adherence to key project milestones, and the execution of the project without material cost or time overruns.

Company Profile

Ghotki Kandhot Road & Bridge Company (Private) Limited ('GRBC' or 'the Company') was incorporated on May 21, 2018 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). It is a subsidiary of Sachal Engineering Works (Private) Limited ('SEWL' or 'the Holding Company'), which currently owns 53.33% of the Company. GRBC operates as a special purpose vehicle (SPV) for undertaking the design, finance, construction, operation, and transfer of projects.

Group Profile

The Sachal Group is a prominent Pakistani engineering and construction conglomerate, recognized for its leadership in engineering, procurement, and construction (EPC) projects nationwide. The Holding Company has ongoing projects with an estimated value of around PKR 35 bln, of which approximately PKR 10 bln worth of work has been completed.

Project Overview

Salient Features of the Project	
Concession Agreement Date	May 28, 2018
Date of Commencement	July 20, 2020
Expected date of Completion	May 2028
Completion period	93.5 Months
Concession period	25 years
Design Consultants	AA Associates (Pvt.) Ltd.
Independent Engineer	Consortium of Loya Associates & Techno-Consult International (Pvt.) Ltd.
Independent Auditor	Riaz Ahmad & Co. Chartered Accountants
EPC Contractor	M/s Sachal Engineering Works (Pvt.) Ltd.
Transaction Advisors	Earnst & Young (EY) – Financial Consultant, E.A. Associates- Technical Consultant, Haider Moto – Legal Consultant

Scope Of the Project:

In November 22, 2017, the Works and Services Department of GoS issued a Request for Proposals (RFP) inviting bids for the development of a road and bridge project at Ghotki and Kandkhot locations on the River Indus, Sindh Province (the "Project") under a Public-Private Partnership (PPP) basis. The Holding Company submitted a bid, which was selected by the GoS, leading to the award of the Project. According to the RFP terms, the Holding Company and the GoS were required to establish this Company as a SPV to execute the Project. The Company subsequently awarded the EPC as well as the Operation and Maintenance (O&M) contracts to the Holding Company, the Project Sponsor. A concession agreement was executed on May 28, 2018 between the Company and the GoS, outlining the operational modalities of the Project, with construction commencing in the FY21.

The Project originally involved designing, financing, operating, and transferring a 30.2-kilometer, 2-Lane highway with a 4-Lane bridge over the River Indus (approximately 2 kilometers long). It started southwest of Ghotki on the National Highway (N5) and connected to the existing Kandkhot Bypass on N-55. Additionally, there was a 4.548-kilometer, 2-Lane link highway from west of Kandkhot Town on the existing Indus Highway (N-55) to Thull Road in Kandkhot District.

However, in its 187th meeting on November 3, 2022, the Indus River Commission (IRC) decided that all future bridges over the Indus River would be constructed bank-to-bank, following a post-flood scenario in August 2022. Consequently, the IRC mandated a modification and redesign of the existing bridge to span the river bank-to-bank over its full length. These decisions necessitated changes to the Project scope, including an increase in the proposed highway length from 30.2 km to 30.941 km and a significant expansion of the bridge over the River Indus from 2 km to 12.2 km. These modifications extended the completion date of the Project from the original target of FY24 to May 2028. As of August 2025, progress on the three bridge sections was as follows: Section 1 – 83%, Section 2 – 16.55%, Section 3 – 72%, and the Thull Link Road – 87% completed.

Project Cost:

The total estimated cost to complete the project was initially estimated at Rs. 13,627 million, represented by (i) EPC expenditures amounting to Rs. 11,290 million, (ii) non-EPC expenditures amounting to Rs. 1,305 million and (iii) expected IDC payments (interest during construction)

amounting to Rs. 1,032 million, however, the scope of the project has been further extended, according to which the length of the proposed highway has been increased from 30.2 Km to 30.941 Km, while the proposed bridge over River Indus has been increased from 2 Km to 12.2 Km which will increase the total project outlay from Rs. 13,627 million to Rs. 32,148 million, represented by (i) EPC expenditures amounting to Rs. 24,945 million, (ii) non-EPC expenditures amounting to Rs. 3,110 million and (iii) expected IDC payments (interest during construction) amounting to Rs. 4,093 million.

Financing Plan:

As per Equity Funding and Utilization Agreement between the GoS, the Company and the Holding Company, dated December 23, 2019, which was then revised on November 30, 2023, after the extension of the Project as discussed above, 16% of the total project outlay is to be funded by the Holding Company while 14% to be funded by the GoS. Remaining 70% to be funded by the financial institutions after the financial close, which is expected to be achieved in February 2026. The project was initially expected to be completed by the end of financial year 2024, however, due to extension in the scope, as discussed above, the project is now expected to be completed on or before May 2028.

Despite upwards revision in project cost, the funding structure remains the same, comprising 70% debt and 30% equity. The following table illustrates the cost and funding structure.

Business Risk

GRBC faces no demand risk, as it will receive fixed annuity payments from the GoS. These payments, disbursed quarterly, will cover operational expenses including taxes, debt service payments (rental/interest), agreed compensation for equity redemption (with 80% of Class A Shares redeemed in equal quarterly installments post-debt redemption, and 20% at the concession's end), and a return on equity targeting an agreed Equity IRR of 17% for sponsors.

While fixed annuity payments mitigate demand risk, delays in payment could challenge operations as these payments cover both O&M costs and debt obligations. However, safeguards in the annuity agreement minimize delay risks. The agreement requires the GoS to deposit funds equivalent to the annuity payment into the designated account 105 days prior to the due date. Failure to do so constitutes a GoS event of default, obligating the GoS to settle outstanding principal financing, accrued interest/rental on debt, termination equity, and termination dividends to financiers in such instances as per the Concession Agreement.

Both GRBC and the GoS have established specific construction milestones, detailing the Concessionaire's obligations until the Project COD. These milestones must be met according to the dates specified in the construction program. Failure to achieve a milestone within 30 days of its due date will result in GRBC paying liquidated damages as stipulated in the concession agreement to the GoS. Moreover, exceeding 90 days beyond a milestone's date constitutes a Concessionaire default, allowing the GoS to potentially terminate the concession agreement. Similarly, GRBC faces liability for liquidated damages if Substantial Completion is not achieved by the scheduled date (36 months from project commencement). Despite delays in financial close due to project scope revisions, construction began as planned in July 2020 with upfront equity injection from sponsors. Overall, project timelines remain largely on track, albeit with minor setbacks such as design revisions and River Indus flooding, and are anticipated to meet revised completion deadlines.

Financial Risk

PKR (Mln)	Project Cost (Bid Model)	Revised Project Cost
EPC Cost	11,290	24,945
Non- EPC Cost	1,305	3,110
Interest During Construction (IDC)	1,433	4,093
Total Project Cost	14,028	32,148
Debt	9,820	19,000
Equity	4,208	8,143
Class A- Sponsor Equity	2,244	4,343
Class B- GoS equity	1,964	3,800
GoS Additional Cost Contribution		5,004

As of June 2025, the total work completed amounted to PKR 20,997 mln. This includes an equity contribution of PKR 3,482 mln from SEWL and PKR 2,940 mln from GoS, taking the total contribution to PKR 6,422 mln. Moreover, reimbursements made by the GoS from time to time, on account of escalated cost, cost for additional work and additional IDC payments made by the Company amounted to PKR. 13,382 mln. Since the contribution is not to be repaid to the GoS by the Company, therefore, these reimbursements are also treated as equity contribution from the GoS.

Short-term bridge financing facility is obtained from the GoS from time to time to meet the immediate funding requirements of the Project before the financial close and carries markup at the rate of 9.15% per annum. Principal and the markup thereon is repayable to the GoS through bullet payment after the Project reaches financial close and the Company obtains bank loan as envisaged under the final model of the Project. Going forward, the company intends to mobilize borrowings through a Syndicated Term Finance Facility (STFF) to be drawn from different commercial banks where Habib Bank Limited (HBL) will act as the lead bank.

After the completion of the project, the concession period of 25 years will be given to the Company, as per the Concession Agreement dated May 28, 2018, between the GoS and the Company, under which the Company will maintain the Project Site for 25 years and collect toll on behalf of the GoS. Within this concession period, the GoS will reimburse to the Company, on quarterly basis, the operations and maintenance cost, principal and markup on bank loan paid by the Company and will also pay back the equity contribution from the Holding Company (16% of the Project Outlay), together with the return on equity at the rate of 17% per annum. After the end of the concession period, the Project will be handed over to the GoS.

Financial Summary		Appendix I	
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A
Property, plant and Equipment	6,489.7	12,582.7	21,000.4
Long Term Advances	-	1,276.9	2,152.5
Advances, prepayments and other receivables	1,699.8	441.2	1,133.1
Cash and Bank Balances	17.5	42.7	234.9
Total Assets	8,206.9	14,343.5	24,520.9
Short-Term Borrowings	3,896.9	217.4	3,116.3
Other Liabilities	216.1	11.4	1,584.4
Total Liabilities	4,113.0	228.8	4,700.7
Paid up Capital	1.0	1.0	1.0
Equity (excl. Revaluation Surplus)	4,093.9	14,114.7	19,820.1
Ratio Analysis	FY23A	FY24A	FY25A
Gearing (x)	1.00	0.02	0.18
Leverage (x)	0.95	0.01	0.23
Current Ratio (x)	0.42	2.11	0.29
Return on Average Equity* (%)	0.01	0.01	0.03
<i>*Annualized, if required</i>			
A - Actual Accounts			
P - Projected Accounts			
M - Management Accounts			

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Ghotki Kandhot Road & Bridge Company (Pvt.) Limited				
Sector	Toll Roads				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	11/03/2025	A	A2	Stable	Reaffirmed
	07/31/2024	A	A2	Stable	Reaffirmed
	03/15/2023	A	A2	Stable	Reaffirmed
	11/29/2021	A	A2	Stable	Reaffirmed
	10/23/2020	A	A2	Stable	Initial
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meetings Conducted	Name		Designation		Date
	Mr. Zakir Hussain		Chief Financial Officer (CFO)		18th September, 2025
	Mr. Hassan Farooq		Senior Manager – Finance & Accounts		