VIS
Credit Rating Company Limited

RATING REPORT

GHOTKI KANDHKOT ROAD & BRIDGE COMPANY (PVT) LIMITED

Analyst:
Musaddeq Ahmed Khan
musaddeq@vis.com.pk

	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 19, 2026		November 03, 2025	

Shareholding (5% or More)	Other Information
Sachal Engineering Works (Pvt.) Ltd. 53.33%	Incorporated in 2018
Government of Sindh (GoS) – 46.67%	Private Limited Company
	Chief Executive: Mr. Shafi Ullah Khan
	External Auditor: RSM Avais Hyder Liaquat Nauman Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology - Corporates Ratings
https://docs.vis.com.pk/docs/Toll_Roads_2025.pdf

Rating Scale

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

Rating Rationale

The ratings reflect the strategic importance of the Ghotki–Kandhkot Road and Bridge Project and the strong institutional and financial support extended by the Government of Sindh (GoS), which is also a significant shareholder in the Company. The project benefits from an annuity-based concession structure, mitigating direct exposure to traffic and demand fluctuations, with contractual provisions governing GoS payment obligations. The technical and execution capabilities of the sponsor, Sachal Engineering Works (Private) Limited, also support the project's implementation.

The ratings are, however, constrained by the extended construction timeline, substantial cost escalation and the remaining execution requirements, particularly for the bridge works. While GoS funding support mitigates the risk associated with additional project costs, timely completion and mobilization of the planned long-term financing remain important considerations.

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Company Profile

Ghotki Kandhkot Road & Bridge Company (Private) Limited ('GRBC' or the 'Company') was incorporated in May 2018 as a special purpose vehicle under a public-private partnership arrangement with the Government of Sindh (GoS). The Company was established to construct the Ghotki–Kandhkot Road and Bridge Project under a Design, Finance, Build, Operate and Transfer (DFBOT) model. GRBC is a subsidiary of Sachal Engineering Works (Private) Limited (SEWPL), which holds a 53.33% equity stake, while the GoS holds the remaining 46.67%. SEWPL, established in 1990, is a Pakistani engineering and construction company specializing in bridge construction, highway development and infrastructure projects. It also serves as the project sponsor and Engineering, Procurement and Construction (EPC) contractor.

Group Profile

The Sachal Group has business interests across multiple sectors, including engineering and construction, information technology and telecommunications, mass media, and agro-based industries. Its engineering and construction operations, primarily undertaken through SEWPL, focus on the development of roads, bridges and other infrastructure projects across Pakistan. The Group has also undertaken investments in infrastructure-related ventures and joint ventures, reflecting its presence across different areas of project development and execution.

Project Overview

Salient Features of the Project	Details
Concession Agreement Date	May 28, 2018
Date of Commencement	July 20, 2020
Initial Expected Date of Completion	May 5, 2028
Revised Expected Date of Completion*	June 30, 2027
Completion Period	83.25 months (approx. 7 years)
Concession Period	25 years
Design Consultants	AA Associates (Private) Limited
Independent Engineer	Consortium of Loya Associates and Techno-Consult International (Private) Limited
Independent Project Scope Auditor	Riaz Ahmad & Co., Chartered Accountants
EPC Contractor	Sachal Engineering Works (Private) Limited
Transaction Advisors	Ernst & Young (EY) – Financial Consultant; E.A. Consulting (Private) Limited – Technical Consultant; Haider Mota – Legal Consultant

Scope Of the Project

The project originally comprised a 30.2-kilometre, two-lane highway connecting the National Highway (N-5), southwest of Ghotki, to the Kandhkot Bypass on the Indus Highway (N-55), including a four-lane bridge of approximately 2 kilometers across the Indus River. The scope also included a 4.548-kilometre, two-lane link road connecting the Indus Highway to Thull Road in Kandhkot District.

Following the Indus River Commission's (IRC) decision in November 2022 to require bridges across the Indus River to extend from bank to bank, the project was redesigned. The revised scope increased the bridge length to 12.15 kilometers and the highway length to 18.741 kilometers. The revised arrangements were incorporated into the amended Concession Agreement dated November 30, 2023.

Construction commenced on July 20, 2020, with the revised completion date set for June 30, 2027. The project has a 25-year concession period, with the operational phase scheduled from July 1, 2027 to June 30, 2052.

As of Sept'26, physical progress was recorded at 84% for Section I, 30% for Section II, 72% for Section III, and 88% for the Thull Link Road. However, bridge construction remained behind schedule, particularly with respect to girder casting, deck slab works and barrier walls. Furthermore, the Electronic Toll and Traffic Management (ETTM) system has not yet been installed. The system is intended to facilitate electronic toll collection and traffic monitoring once the project becomes operational. Its installation is expected to be undertaken after completion of the construction works.

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Project Cost

The initial project cost amounts to PKR 32,119 million, comprising EPC and non-EPC costs. Subsequently, escalation costs of PKR 32,000 million have been identified, taking the total project cost to PKR 64,119 million as of October 2026. The escalation costs are being funded separately by the GoS, outside the initial project cost. The additional GoS funding also covers Interest During Construction (IDC), which varies with the project's funding requirements and construction timeline.

Financing Plan

The project's financing plan comprises equity contributions from SEWPL and GoS, alongside a project finance facility. The planned debt-to-equity ratio is 70:30, with equity of PKR 7,285 million and a debt facility of PKR 17,000 million. The equity contribution comprises PKR 3,885 million from SEWPL through Class A shares and PKR 3,400 million from GoS through Class B shares.

As of October 2026, the entire equity contribution had been injected and utilized. However, no disbursement had been made under the planned debt facility. In the interim, GoS had provided PKR 6,100 million through bridge financing against the planned debt facility, which is still being negotiated with a syndicate led by HBL. As per management, the GoS remains committed to fulfilling any shortfall/delay in the debt component. VIS will continue to monitor developments in this regard.

PKR Mn	Revised Project Cost (Oct' 26)
Initial Project Cost	32,119
Escalation Cost	32,000
Total Revised Project Cost	**64,119**
Planned Funding Structure	
Equity	7,285
Debt	17,000
Additional Government of Sindh Funding	39,834
Total Funding	**64,119**
Funding Utilized	
Equity	7,285
Debt	Nil
Additional Government of Sindh Funding	23,834
GoS Bridge Financing Against Debt	6,100
Total Funding Utilized	**37,219**

Business Risk

GRBC faces limited direct demand risk, as its revenue is expected to be generated through annuity payments from GoS, rather than being directly dependent on traffic volumes. The quarterly annuity payments are intended to cover operating and maintenance (O&M) expenses, taxes, debt servicing obligations, agreed equity redemption and the sponsors' return on equity, targeting a projected equity internal rate of return (IRR) of 17%. The concession arrangement also provides for termination equity equivalent to 20% of the project cost, payable upon termination of the concession.

Although the annuity structure mitigates demand risk, timely receipt of payments remains important, as these funds are intended to meet both operating expenses and financing obligations. The concession arrangements provide safeguards against payment delays, requiring GoS to deposit funds equivalent to the annuity payment into the designated account 105 days before the due date. Failure to do so constitutes a GoS event of default, triggering obligations under the Concession Agreement relating to outstanding financing principal, accrued interest or rental on debt, termination equity and termination dividends payable to financiers.

Construction and completion risks remain relevant given the revised project scope and implementation timeline. Under the Concession Agreement, failure by GRBC to achieve a construction milestone within 30 days of its scheduled date attracts liquidated damages, while a delay

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exceeding 90 days constitutes a Concessionaire default and may entitle GoS to terminate the agreement. GRBC is also liable for liquidated damages if substantial completion is not achieved within the stipulated timeframe. Although construction commenced in July 2020 following an upfront equity injection by the sponsors, subsequent scope revisions and riverine construction challenges have affected project execution. As per September 2026 progress report the approach roads and Thull Link Road have progressed substantially, while bridge construction remains behind plan, particularly in girder casting and deck slab works. With completion now scheduled for June 30, 2027, timely execution of the remaining works remains a key consideration in assessing business risk.

Financial Risk

GRBC's financial risk profile is supported by GoS substantial funding commitment towards the project. As of Jun'26, the Company's total assets stood at PKR 16,462 million (June 2025: PKR 11,147 million), while equity amounted to PKR 6,774 million, largely comprising advances against share capital. The project's funding requirements, including cost escalation, are being supported by GoS, while the planned long-term debt facility is intended to finance the debt component. GoS has also provided bridge financing to meet interim project funding requirements pending financial close.

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Financial Summary			*Appendix I*
Balance Sheet (PKR Millions)	FY24A	FY25A	FY26M
Property, plant and Equipment	4,613.5	7,626.3	9,468.7
Long Term Advances	1,277.0	2,152.5	3,301.8
Advances, prepayments and other receivables	441.2	1,133.1	1,133.1
Cash and Bank Balances	42.7	234.9	234.9
Total Assets	6,374.3	11,146.8	16,462.0
Short-Term Borrowings	196.2	3,098.7	4,050.4
Other Liabilities	32.6	1,610.5	5,636.7
Total Liabilities	228.8	4,709.2	9,687.3
Paid up Capital	1.0	1.0	1.0
Equity (excl. Revaluation Surplus)	6,145.5	6,437.6	6,774.5
Ratio Analysis	FY24A	FY25A	FY26M
Gearing (x)	0.03	0.48	0.60
Leverage (x)	0.04	0.73	1.43
Current Ratio (x)	2.12	0.29	0.38
Return on Average Equity* (%)	0.02	0.06	0.18
**Annualized, if required*			
A - Actual Accounts			
P - Projected Accounts			
M - Management Accounts			

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REGULATORY DISCLOSURES		Appendix II
Name of Rated Entity	Ghotki Kandhkot 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				
19/11/26	A	A2	Stable	Reaffirmed
03/11/25	A	A2	Stable	Reaffirmed
31/07/24	A	A2	Stable	Reaffirmed
15/03/23	A	A2	Stable	Reaffirmed
29/11/21	A	A2	Stable	Reaffirmed
23/10/20	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. Fuad Kehar	Executive Director – Financial Unit	3rd November, 2026

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