

PNC Infratech Limited

January 25, 2024

Credit Updates

On January 15, 2024, PNC Infratech Limited (PIL) and PNC Infra Holdings Limited (PIHL), a wholly owned subsidiary of PIL executed definitive agreements with Highways Infrastructure Trust (HIT) to divest 100% of their equity interests along with management control of 12 Special Purpose Vehicles (SPVs) pertaining to road assets in one or more tranches. The said 12 SPVs comprise 11 national highways (NH) hybrid annuity mode (HAM) SPVs and one state highways (SH) build operate transfer (BOT) Toll SPV with approximately 3,800 lane kms in the states of Uttar Pradesh, Madhya Pradesh, Karnataka and Rajasthan.

The enterprise value of the transaction is ₹9,006 crore together with the earn-outs and is subject to any adjustments as stipulated in the definitive agreements translating to an equity value of ₹2,902 crore (including cash) on an equity investment of ₹1,740 crore. The transaction is subject to certain regulatory and other customary conditions standard to a transaction of this nature.

CARE Ratings Limited (CARE Ratings) vide its press release dated February 07, 2023, had revised the ratings of PIL to CARE AA+' Stable/ CARE A1+ from CARE AA; Stable/CARE A1+. The revision in rating had factored in developments such as the improved scale of operations while maintaining a healthy financial risk profile and an increase in the operational portfolio of road assets rendering financial flexibility to unlock equity capital either through asset monetization or through upstreaming of cash flows from top up loan. Hence, the divestment announcement is credit neutral for PIL.

The list of SPVs being divested through the executed agreements is provided below:

Asset name	Aggregate holding by PIL & PIHL	Project type
PNC Aligarh Highways Private Limited	100%	NH-HAM
PNC Bareilly Nainital Highways Private Limited	100%	SH-BOT Toll
PNC Bithur Kanpur Highways Private Limited	100%	NH-HAM
PNC Bundelkhand Highways Private Limited	100%	NH-HAM
PNC Challakere (Karnataka) Highways Private Limited	100%	NH-HAM
PNC Chitradurga Highways Private Limited	100%	NH-HAM
PNC Gomti Highways Private Limited	100%	NH-HAM
PNC Khajuraho Highways Private Limited	100%	NH-HAM
PNC Meerut Haridwar Highways Private Limited	100%	NH-HAM
PNC Rajasthan Highways Private Limited	100%	NH-HAM
PNC Triveni Sangam Highways Private Limited	100%	NH-HAM
PNC Unnao Highways Private Limited	100%	NH-HAM

CARE Ratings takes cognisance of the likely realization of funds upon consummation of the divestment which is expected to occur in one or more tranches. CARE Ratings believes that the funds realized will aid in minimizing the reliance on external debt thereby strengthening the financial risk profile of the company and continue to keep the credit metrics stable in line with the earlier expectations for the ratings assigned.

Detailed key rating drivers are available in the [last press release](#).

Contact us

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About us:

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