

Sadbhav Infrastructure Project Limited (Revised)

March 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	200.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and LT rating downgraded from CARE B; Stable outlook assigned, and ST rating reaffirmed and removed from Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated December 28, 2023, placed the rating(s) of Sadbhav Infrastructure Projects Limited (SIPL) under the 'issuer non-cooperating' category as SIPL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. SIPL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated November 12, 2024, November 22, 2024, and December 02, 2024 among others. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of non-availability of information pertaining to conclusion of stake sale, realisation of stake sale proceeds and utilisation of the same along with status of project progress in its hybrid annuity model (HAM) projects, which have previously been delayed for various reasons. Notwithstanding the extension of time (EOT) granted by authority, delay in completion of these projects beyond agreed upon timelines, exposes company to performance risk thereby attracting levy of damages etc. The rating also factors issuance of notice of termination of concession agreement (CA) by two of its subsidiaries- Rohtak Panipat Tollway Private Limited (RPTPL) and Rohtak Hissar Tollways Private Limited (RHTPL) to National Highways Authority of India (NHAI; rated CARE AAA; Stable) on account of Force Majeure Event. Inordinate delays in projects execution are expected to deteriorate financial performance of the company in the medium term.

Furthermore, the liquidity of Sadbhav group continued to remain stretched given inordinate delay in materialization of various fund-raising plans and elongated gross current asset days.

Nevertheless, rating continues to derive strength from the established track record of the Sadbhav group in construction segment along with favourable prospects of road sectors amidst surge in competitive industry.

Analytical approach: Combined

CARE has taken a combined view of SEL (standalone) and SIPL (standalone) for analytical purpose. This is because majority of the long-term debt raised in SIPL is backed by unconditional and irrevocable corporate guarantee of SEL. Further, SEL and SIPL have operational and financial linkages for funding investment in new projects, bridging of shortfall in select SPVs as well as upstreaming of cash flow of SPVs

Outlook: Stable
Detailed description of key rating drivers

At the time of last rating on December 28, 2023, the following were the rating strengths and weaknesses:

Key weaknesses
Sustained delay in the execution of various HAM projects

As against the expectation of gradual ramp-up in the pace of execution, it continued to remain slow leading to delay in all its on-going HAM projects. The physical progress of works as on March 31, 2022, in respect of Sadbhav Vidarbha Highway Private Limited (SVHPL), Sadbhav Kim Expressway Private Limited (SKEPL) and Sadbhav Nainital Highway Private Limited (SNHPL) continued to remain delayed. In addition, NHAI has also issued notice of intention to terminate CA in one of the HAM projects-

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

SBHPL due to delay in completion of work beyond EOT. Furthermore, two of its subsidiaries- Rohtak Panipat Tollway Private Limited (RPTPL) and Rohtak Hissar Tollways Private Limited (RHTPL) have issued notice of termination of concession agreement (CA) to National Highways Authority of India (NHAI; rated CARE AAA; Stable) on account of Force Majeure Event. Inordinate delay in project execution along with curing such delays beyond permitted extension of time (EOT) heightens risk related to levy of damages by authority as per contractual terms which is further expected to deteriorate the credit profile as well as financial performance of the group.

Inordinate delay in receipt of various stake sale proceeds

During past review, materialization of various fund- raising plans including ARRIL, MBCNL and stake sale in various operational HAM projects was envisaged to improve the liquidity position of the group. The stake sale transaction in ARRIL was expected to be concluded by Q4FY22. However, the same is still awaited despite receipt of NOC from Authority during November 2020. As indicated by the management, ARRIL has received cash inflow of around Rs.98 crore during Q1FY23 towards payment compensation of exempted cars from the authority, majority of which have been used towards working capital requirements. Sadbhav group had also entered into stake sale agreement with Adani group for sale of its entire stake in MBCNL and the part proceeds from the same were envisaged to be received by October 2021. Management indicated receipt of part tranche of Rs.290 crore during Q4FY22 while balance tranche of Rs.260 crore was envisaged post receipt of approval from Government of Maharashtra (GoM) and completion of balance residual work by Q2FY23. Latest information on the deals is not available.

Key Strengths

Established track record of the Sadbhav group in Indian construction sector

Sadbhav Group has a track record of over two decades in the Indian road construction sector. SEL has successfully completed construction of more than 8,400 lane km of road projects since its establishment.

Thrust of government on infrastructure development

Continued government thrust on the road construction sector augurs well for SIPL's growth prospects in the medium term. Under the government's National Infrastructure Pipeline (NIP), a substantial outlay on road construction – ~18% of the overall ₹111 trillion plan – is expected to provide the necessary impetus to companies operating in this segment. Railway station redevelopment projects aim to redevelop 400 railway station across India at ₹1 lakh crore through the Public Private Partnership (PPP) mode. The power sector is poised for growth, driven by continuous affordable power, higher electric mobility envisaged to be supplied through rapid addition in renewable capacity, and storage. This is likely to provide adequate growth opportunities in inter-state transmission, intra-state transmission, and cross border transmission. Increased focus of GOI on overall Infrastructure development is expected to benefit players such as SIPL, given its strong execution track record.

Liquidity: Stretched

Gross current asset days elongated to 637 days during FY21 owing large proportion of receivables for ongoing HAM projects. Stretched current assets levels, sustained delay in scaling up of operations owing to large proportion of slow-moving order book and cost overrun in ongoing HAM projects are the prominent reasons for the stretched liquidity. Liquidity position was earlier expected to ease out gradually with improvement in the pace of execution and receipt of large cash inflow of around Rs.1100 crore in H1FY22 to shore up liquidity. Nevertheless, the liquidity of the group continued to remain stretched indicating no meaningful improvement in the gross current asset days. Utilization of the fund based working capital limits for the trailing twelve months ended April 2022 stood high. Liquidity is expected to remain weak given execution delays and inordinate delay in materialization of various fund-raising plans.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

[Consolidation and Combined approach](#)

[Construction](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 1988 and founded by late Shri Vishnubhai Patel, SEL operates majorly across four distinct business areas in the infrastructure sector viz. EPC of its own BOT road projects, cash contract-based road and metro rail EPC projects, irrigation, and mining.

SEL had floated a wholly-owned subsidiary – SIPL as a holding company of build-operate-transfer (BOT) projects in 2007. On July 1, 2019, SIPL has announced that they have executed Share Purchase Agreements with IndInfravit Trust (IndInfravit) for selling their entire equity stake in their nine operational build operate transfer (BOT) special purpose vehicles (SPV) (seven toll and two annuity-based projects). SIPL has sold its entire stake in eight operational BOT SPV's while the stake sale is awaited in one operational SPV. Post the transaction, Sadbhav group has a portfolio of 14 BOT projects (four operational toll road projects, ten under construction HAM projects of which four HAM projects have received PCOD on partial length).

Brief Financials- SIPL Standalone (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	89.41	22.5	0.00
PBILDT	10.21	(16.58)	(9.76)
PAT	(352.73)	(562.11)	10.07
Overall gearing (times)	0.67	0.95	0.69
Interest coverage (times)	0.08	-0.14	(0.27)

A: Audited UA: Un-Audited; Note: these are latest available financial results

Brief Financials- Sadbhav Group# (₹ crore)	March 31, 2023 (UA)	March 31, 2024 (UA)	9MFY25 (UA)
Total operating income	978.59	1,035.94	144.14
PBILDT	(202.24)	12.86	(3.90)
PAT	(699.21)	(835.03)	(19.21)
Overall gearing (times)	0.85	1.26	0.91
Interest coverage (times)	(0.70)	0.04	(0.04)

Combining SEL (Standalone) and SIPL (Standalone) financials

A: Audited UA: Un-Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: India Ratings in its press release dated October 04, 2024, has reaffirmed the ratings and continued it under the non-cooperating category as SIPL did not participate in the rating exercise despite continuous requests and follow-ups by the agency.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	200.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (28-Jul-21)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	200.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE B / CARE A4 (RWN); ISSUER NOT COOPERATING* (28-Dec-23)	1)CARE B / CARE A4 (RWN); ISSUER NOT COOPERATING* (27-Dec-22) 2)CARE B / CARE A4 (CW with Negative Implications); ISSUER NOT COOPERATING* (07-Sep-22) 3)CARE B+ / CARE A4 (CW with Negative Implications) (02-Jun-22)	1)CARE BB+ / CARE A4 (CW with Negative Implications) (07-Oct-21)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (28-Jul-21)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	-	1)CARE B+ / CARE A4 (CW with Negative Implications) (02-Jun-22)	-

							2)Withdrawn (02-Jun-22)	
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*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidates

Sr. No.	Name of the entity	Extent of consolidation	Rational for consolidation
1	Sadbhav Engineering Limited (SEL)	Full	Operational and financial linkages

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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