



Press Release
GUJARAT STATE INVESTMENTS LIMITED
April 17, 2025
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	2000.00	ACUITE AA Stable Reaffirmed	-
Non Convertible Debentures (NCD)	1000.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	2000.00	-	-
Total Withdrawn Quantum (Rs. Cr)	1000.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of ‘**ACUITE AA**’ (read as **ACUITE double A**) on the Rs.2000.00 Cr. Non-Convertible Debentures (NCD) of Gujarat State Investments Limited (GSIL). The outlook is ‘**Stable**’.

Acuité has withdrawn its long-term rating on the NCD of Rs.1000.00 Cr. of Gujarat State Investments Limited (GSIL). These NCDs are withdrawn without assigning any rating as the facilities have been redeemed. The withdrawal is on receipt of request from the company; confirmation on redemption of the debentures from the trustee and in accordance with Acuité’s policy on withdrawal of ratings as applicable to the respective facility/instrument.

Rationale for rating

The rating reaffirmation is driven by the strong parentage and strategic importance of GSIL towards the Government of Gujarat (GoG) indicated by timely support received in the form of revenue grants for servicing its coupon payment and sale of its investment to GoG towards redemption of NCDs. Further, the rating draws comfort from investment by GSIL in key state companies wherein it acts as a funding vehicle to the government commitments. However, the rating remains susceptible to any changes in the fiscal policy and status of GoG.

About the Company

Incorporated on January 29, 1988, Gujarat State Investments Limited (GSIL) is wholly owned subsidiary of Government of Gujarat (GoG). GSIL is the investment arm of GoG which holds both quoted and unquoted investments. The company is managed by a Board, which comprises senior bureaucrats from GoG. Presently, Mr. J P Gupta IAS is the Chairman and Ms. Arti Kanwar IAS Secretary (Economic Affairs) to the GoG is the Managing Director. GSIL is registered with RBI as a Core Investment Company (CIC). Gujarat State Petroleum Corporation (GSPC) has transferred NCDs of Rs 6,000 Cr to GSIL through the Novation method in FY19. Currently, NCDs amounting to Rs.2000 Cr are outstanding as of March 31, 2025.

Unsupported Rating

ACUITE AA-/Stable.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of GSIL along with the parentage and strong support it receives from GoG through state budgetary grants for servicing of the NCDs.

Key Rating Drivers

Strengths

Strong support from GoG for servicing of NCDs

As per the Financial Realignment Plan of Gujarat State Petroleum Corporation Limited (GSPC) which is approved by GoG and GSPC via Government Resolution (GR) dated 26 July, 2018 and the latter’s board resolution dated 31 July, 2018 respectively, NCDs amounting to Rs.6000 Cr. were transferred to GSIL (Rs.2000 Cr. outstanding as of

March 31, 2025). Further, as per the GR, GoG supports GSIL for payment towards interest and principal repayment on the NCDs and necessary budgetary provision in the state budget for meeting these requirements are made by the Department of Energy & Petrochemicals every year. The redemption of NCDs is catered through the sale of investments to GoG.

Therefore, the rating factors in this strong and direct support from the state government which is expected to

continue till the debt tenure and is a key rating sensitivity.

Investment in key state companies

GSIL, wholly owned by GoG, is a holding company for various investments of state government. The company is registered as a CIC by Reserve Bank of India (RBI). It has investments in key listed state PSUs like Gujarat Narmada Valley Fertilizers Company Limited (GNFC), Gujarat Alkalies & Chemicals Limited (GACL), and Gujarat State Fertilizers & Chemicals Company Limited (GSFC), etc. The board of directors of GSIL comprises senior bureaucrats from the state government. GSIL had an investment portfolio of Rs.7,061.12 Cr. as per the book value as on 31st March, 2024 as against Rs.5,009.93 Cr. as on 31st March, 2023. This increase in investment value is mainly on account of revaluation of investment made in Gujarat State Financial Services to market value in line with accounting standards. Being a registered CIC, GSIL's revenue is highly dependent on the performance of the companies wherein GSIL has invested. The revenue stream of GSIL is by way of dividends or interest received from the invested companies. GSIL had earned dividends and interest income worth Rs.297.75 Cr. in FY24. It also received buyback receipt amount to Rs.125.24 crore from GNFC. Further, it is estimated to have received dividend income of Rs.133.67 Cr. and interest income of ~Rs.8 Cr. in FY25.

Acuité believes that GSIL is of strategic importance to GoG given its investment portfolio of PSUs and its status as a funding vehicle for various investments and commitments of the state government.

Healthy fiscal profile of GoG

Gujarat has one of the strongest fiscal profiles among the states of India. It has demonstrated a strong ability to attract investments from foreign as well as domestic companies. This growth has been supported by agricultural growth which is supported by crops such as cotton, and oilseeds, among others. Gujarat state's GSDP accounts for ~8.6 per cent Nation's GDP. The revenue surplus stood at Rs.19,695 Cr. (BE) in FY2025-26 as against Rs.21,350 Cr. in FY2024-25 (RE). The Debt to GSDP for the state stood at 15.3 per cent for FY2025-26 (BE) vis-à-vis 15 per cent for FY2024-25 (RE). Gujarat is also one of the states which has shown significant progress in power sector reforms and has reduced the commercial losses in the power sector, thereby lowering the fiscal burden on the state.

Acuité believes that Government of Gujarat will maintain its fiscal profile in near to medium term given its fairly diversified economy and its economic infrastructure as compared to most of other states in India.

Weaknesses

Susceptibility to changes in the fiscal profile of Gujarat

GSIL's rating is driven by continued support from GoG, hence, the fiscal profile of the state is a key rating sensitivity factor. Any significant changes in the rating of GoG due to factors such as prolonged slowdown in industrial activities or challenges faced by the state in attracting investment due to factors such as socio-economic changes or other such events can have an impact in its fiscal indicators. The influence of adverse macro-economic factors such as cutbacks in capex plans by corporates, hardening of interest rates may impinge on the investment flows into the state in the near term thereby increasing the pressure on the Government to step up its expenditure plans. This in turn could impact its future fiscal profile & hence influence the rating on the instruments like GSIL's NCDs. Further, timely budget allocation and timely receipt of grants from GoG for servicing the coupon and sale of investments to GoG towards redemption of the NCDs is another rating sensitivity factor.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

Support from GoG

GSIL is the investment arm of GoG and is registered with RBI as a Core Investment Company (CIC). As per the Government Resolution (GR), GoG support GSIL for payment towards interest and principal repayment on the NCDs and necessary budgetary provision in the state budget. These requirements are made by the Department of Energy & Petrochemicals every year. As on maturity of NCD, GSIL sales back its investments to GoG and redeems its maturing NCD from the proceeds.

Stress case Scenario

Acuité believes that, the strong parentage and financial support from GoG shall enable GSIL to meet its debt obligations even in stress scenarios.

Rating Sensitivities

- Timely receipt of revenue and capital grants from GoG for servicing the coupon and redemption of the NCDs.
- Any changes in the fiscal profile of GoG.

All Covenants

No financial covenants have been stipulated for the issue

Liquidity Position

Adequate

The liquidity is supported by dividend and interest income from investments, grants from GoG for debt servicing and proceeds from sale of investments to GoG for NCD redemption. GSIL is estimated to have received revenue grants of Rs.296.82 Cr. during FY25 for timely servicing of coupon payments. Further in FY25, the company sold its investments worth Rs.1000 Cr. to GoG towards redemption of its debentures.

Outlook: Stable**Other Factors affecting Rating**

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	297.75	93.12
PAT	Rs. Cr.	410.21	81.16
PAT Margin	(%)	137.77	87.16
Total Debt/Tangible Net Worth	Times	0.91	1.96
PBDIT/Interest	Times	2.55	1.22

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Although Acuite requested an interaction with the Audit Committee the issuer entity was unable to arrange it.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- Public Finance - State Government Ratings: <https://www.acuite.in/view-rating-criteria-26.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Oct 2024	Non-Convertible Debentures (NCD)	Long Term	1000.00	ACUITE AA Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	2000.00	ACUITE AA Stable (Reaffirmed)
24 Nov 2023	Non-Convertible Debentures (NCD)	Long Term	1000.00	ACUITE AA Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	2000.00	ACUITE AA Stable (Reaffirmed)
24 Nov 2022	Non-Convertible Debentures (NCD)	Long Term	1000.00	ACUITE AA (Reaffirmed & Withdrawn)
	Non-Convertible Debentures (NCD)	Long Term	1000.00	ACUITE AA (Reaffirmed & Withdrawn)
	Non-Convertible Debentures (NCD)	Long Term	1000.00	ACUITE AA Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	2000.00	ACUITE AA Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE08EQ08031	Non-Convertible Debentures (NCD)	28 May 2019	9.03	22 Mar 2028	2000.00	Simple	ACUTE AA Stable Reaffirmed
Not Applicable	INE08EQ08056	Non-Convertible Debentures (NCD)	28 May 2019	9.45	22 Mar 2025	1000.00	Simple	Not Applicable Withdrawn

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	Government of Gujarat
2	Gujarat State Investments Limited

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.