

Rating Rationale

23 April 2026

BG Aligarh Kanpur Highway Private Limited (BGAKHPL)

Brickwork Ratings has assigned the long-term rating for the Bank Loan Facilities of Rs. 544.01 Crore of BG Aligarh Kanpur Highway Private Limited (BGAKHPL)

Facilities	Amount (Rs.Crs.)	Tenure	Present Rating
Fund-Based-Rupee Term Loan	544.01	Long Term	BWR AAA /Stable Assignment
Total	544.01	(Rupees Five Hundred Forty-Four Crore One Lakh Rupees Only)	

#Please refer to the BWR website www.brickworkratings.com for the definition of the rating assigned.

**Details of Bank Loan facilities, consolidation, or instruments are provided in Annexure

RATING ACTION / OUTLOOK

Brickwork Ratings has assigned the long-term rating of BWR AAA with a stable outlook for the Bank Loan Facilities of Rs. 544.01 crore of BG Aligarh Kanpur Highway Private Limited (BGAKHPL).

The rating assigned is primarily driven by the project's fully de-risked operational status following the achievement of 100% physical completion and the issuance of PCOD-II in November 2023. Revenue visibility is high, supported by a track record of receiving five consecutive semi-annual annuities from the National Highways Authority of India (NHAI) without any performance-related deductions. The SPV benefits from a robust 1.31x asset coverage ratio, with an inflation-indexed Balance Completion Cost (BCC) of Rs. 827.62 Crore against a resized debt of Rs. 635.82 Crore. Structural safeguards, most notably a 2.5-month (75-day) temporal cushion between annuity receipts and bank repayments, alongside fully funded reserves, including a six-month DSRA of Rs. 42.30 Crore, provide additional comfort. Strong characteristics of hybrid annuity model (HAM)-based road projects, such as inflation-linked construction grants and operational annuities to be received from the NHAI, the reasonably moderate executional and operational capabilities of the sponsor, the undertakings provided by the sponsor to support the project during operations, and the presence of a pass-through based operation and maintenance (O&M) contract with BGCCPL.

The Stable outlook reflects the high certainty of timely annuity receipts from the NHAI and the project's fully operational status, which eliminates execution risk. This is further reinforced by robust liquidity buffers, a 75-day repayment cushion, and support from the sponsor, ensuring steady credit performance over the medium term.

KEY RATING DRIVERS

Credit Strengths-:

Synergistic Sponsor Support & Operational Expertise

The rating draws significant comfort from the extensive operational and financial backing of the sponsor, Brij Gopal Construction Company Private Limited (BGCCPL). With an established track record of over 25 years in the infrastructure sector, BGCCPL provides essential technical expertise, particularly as the project's O&M contractor. The sponsor has demonstrated a strong commitment to the project's stability through a formal support undertaking, which ensures the timely bridging of any shortfalls in Operation & Maintenance, Major Maintenance, or senior debt servicing.

Superior Counterparty Credit Profile (NHAI):

The project's counterparty, NHAI (rated AAA/Stable), functions as an apex statutory body under the Government of India. Its credit profile is synonymous with the sovereign, virtually eliminating counterparty default risk. Revenue realization is linked to asset availability and maintenance standards rather than traffic volume, shielding the SPV from commercial market risks and macro-economic fluctuations in toll collection.

Superior Revenue Visibility via Sovereign-Linked Counterparty

The project's revenue profile is highly secure, derived from a long-term agreement with the National Highways Authority of India (NHAI; rated AAA/Stable), whose sovereign-linked credit profile effectively eliminates counterparty default risk. Under the Hybrid Annuity Model (HAM), revenue is delinked from traffic volume, shielding the SPV from market volatility through 30 semi-annual annuities and inflation-indexed O&M receipts. Additionally, interest earned on the reducing balance completion cost at the RBI Bank Rate + 3% provides a structural "natural hedge" against borrowing costs. As of March 2026, the SPV has demonstrated a flawless operational track record, receiving five consecutive annuities in full and on time. This consistent performance confirms high asset availability and technical compliance, ensuring superior revenue visibility and minimizing future cash flow volatility.

Robust Liquidity Framework & Structural Debt Cushioning

The SPV exhibits a disciplined liquidity management strategy. A critical credit positive is the 2.5-month temporal cushion between the scheduled receipt of NHAI annuities and the subsequent principal repayment dates, insulating the project from minor administrative delays. Liquidity is further fortified by the maintenance of a Debt Service Reserve Account (DSRA) of Rs. 42.30 Crore, covering six months of peak obligations. Additionally, the Major Maintenance Reserve (MMRA), currently funded at Rs. 24.50 Crore in Mutual Funds, ensures that the first major overlay cycle is de-risked and fully provisioned well in advance of the FY30 requirement.

Debt Resizing & Optimized Coverage Metrics

Management has resized the term loan to Rs. 635.82 Crore to align debt service obligations with the project's actual completion cost. This structural alignment, coupled with a steady amortization profile extending through June 2036, ensures a resilient average Debt Service Coverage Ratio (DSCR) exceeding 1.20x. The interest component of the annuity provides a natural, albeit partial, hedge against the floating interest rate of the SBI MCLR-linked term loan, maintaining stable interest spreads.

Credit Risk-:**Operational Compliance & Annuity Deduction Risks**

The primary operational risk stems from the potential for performance-linked annuity deductions. Any failure to maintain the 45.83 km stretch to NHAI's stringent lane-availability and structural standards could lead to punitive withholdings. While the project has a clean track record thus far, the 15-year concession period requires consistent O&M diligence. This risk is largely mitigated by the sponsor's execution capabilities and the existing MMRA liquidity buffer.

Interest Rate Sensitivity & Spread Mismatch

The project is exposed to potential divergence between the interest earned on the annuity (linked to the RBI Bank Rate) and the interest paid on debt (linked to SBI MCLR). A sharp, non-synchronous hike in the MCLR could compress net interest margins. While the current 2.5-month repayment cushion and healthy DSCR levels provide a safety net, an elongated period of negative interest rate spread could impact the SPV's standalone profitability.

Leveraged Capital Structure & Sponsor Interdependence Analysis

The SPV's capital structure is highly geared on a standalone basis with a Total Debt/TNW ratio exceeding 100x as of March 2025, due to a lean equity base of Rs. 7.20 Crore. However, the credit profile is supported by an Adjusted Tangible Net Worth (ATNW) of Rs. 150.28 Crore (Rs. 295.32 Crore in FY24), which includes promoter-infused quasi-equity subordinated to bank debt. Consequently, the Total Debt/ATNW improved to 3.90x in FY25 (1.24x in FY24), and the Adjusted TOL/ATNW ratio strengthened to 2.44x (0.74x in FY24) as debt was amortised. Despite these buffers, the high absolute debt of Rs. 544.01 Crore necessitates consistent annuity receipts and operational stability. While the project is ring-fenced, it remains interdependent on BGCCPL for O&M and shortfall funding, making the sponsor's credit health a key credit consideration.

ANALYTICAL APPROACH: Standalone

To arrive at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria, as detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive Sensitivities: Not Applicable

Negative Sensitivities :

- **Annuity Volatility or Counterparty Delay:** Any significant deviation from the established track record of timely annuity receipts, specifically a delay exceeding 90 days from the scheduled due date, or performance-linked deductions exceeding 2% of the gross annuity, which would signal a breach of NHAI's technical standards or a shift in sovereign payment discipline.
- **Deterioration of Sponsor Credit Profile:** A material weakening of the credit standing or liquidity position of the sponsor, Brij Gopal Construction Company Private Limited (BGCCPL), or any failure to honor support undertaking within the mandated 30-day window to bridge shortfalls in debt servicing, O&M, or Major Maintenance.

LIQUIDITY INDICATORS: Strong

The liquidity profile of BG Aligarh Kanpur Highway Private Limited (BGAKHPL) is Strong, characterized by highly predictable revenue inflows and a robust reserve mechanism. The project’s primary liquidity is derived from semi-annual annuity payments from a sovereign-linked counterparty, NHAI (AAA/Stable). As of February 2026, the company has established a consistent track record with the timely receipt of five annuities without any performance-linked deductions. A key structural strength is the 2.5-month cushion maintained between the receipt of the annuity installment and the subsequent debt repayment date, providing a significant buffer against administrative delays.

Financial flexibility is further reinforced by the maintenance of all stipulated reserves in liquid instruments. The company has successfully built a Debt Service Reserve Account (DSRA) of Rs. 42.30 Crore, covering the next six months of principal and interest obligations, alongside a Major Maintenance Reserve (MMRA) of Rs. 24.50 Crore held in Mutual Funds. With an average DSCR above 1.20x and the strategic resizing of the term loan to Rs. 635.82 Crore, the SPV’s internal cash accruals are more than adequate to meet its structured bi-annual installments through June 2036. Furthermore, the sponsor provides an undertaking to fund any shortfalls in O&M expenses, Major Maintenance (MM), or debt servicing.

ABOUT THE ENTITY:

Macro Economic Indicator	Sector	Industry	Basic Industry
Services	Services	Transport Infrastructure	Road Assets–Toll, Annuity, Hybrid-Annuity

BG Aligarh Kanpur Highway Private Limited (BGAKHPL) is a Delhi-based Special Purpose Vehicle (SPV) incorporated on April 13, 2018. It is a 100% subsidiary of Brij Gopal Construction Company Private Limited (BGCCPL), established to undertake the four-laning of the Aligarh-Kanpur stretch (Km 140.200 to Km 186.000) of NH-91 in Uttar Pradesh. The project was awarded by the National Highways Authority of India (NHAI) under the Hybrid Annuity Model (HAM). Following the achievement of Provisional Commercial Operation Date (PCOD-II) in November 2023, the entity has successfully moved into its 15-year operational phase, receiving steady annuity payments.

ESG Profile:

The company’s ESG profile reflects an adequate profile across environmental, social, and governance dimensions, broadly aligned with the operational characteristics of the hospitality sector.

Environmental: Environmental risks are managed through mandatory greenbelt development and compensatory afforestation along the 45.83 km project stretch to offset emissions. The project utilizes solar-powered lighting at key junctions and tolling areas to enhance energy efficiency and reduce grid dependency. Furthermore, the entity follows all environmental regulations, having integrated sustainable waste practices like fly ash utilization during the embankment phase.

Social: Social factors are anchored by high safety standards, with zero lost-time injuries reported during the current operational period. The company is compliant with labor standards, ensuring timely payment of statutory dues and the 1% Labour Cess for worker welfare. Community impact is positive, as the 4-laning significantly improves regional connectivity and safety for commuters in Uttar Pradesh.

Governance: Governance is characterized by a board with significant industry experience that maintains a structured engagement with the NHAI and Independent Engineers. The entity has implemented formal grievance-handling mechanisms for stakeholders and maintains strict compliance with all applicable laws and concession terms. There have been no major regulatory violations, and the project has a track record of five consecutive timely annuity receipts.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 2023	FY 2024	FY 2025
Result Type		Audited	Audited	Audited
Total Operating Income	Rs. in Crs	234.36	405.08	94.64
EBITDA	Rs. in Crs	(0.02)	(0.27)	(0.04)
PAT	Rs. in Crs	0.02	0.09	0.02
Tangible Net Worth	Rs. in Crs	5.27	5.41	7.20
Total Debt / Tangible Net Worth	Times	83.80	121.09	101.24
Current Ratio	Times	1.07	0.53	0.61

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:

The facility is governed by standard HAM-based covenants, primarily requiring a Minimum DSCR of 1.10x and the maintenance of a Debt Service Reserve Account (DSRA) covering six months of peak debt servicing (approx. Rs. 42.16 Crore). The structured Escrow Waterfall mechanism ensures that annuity inflows from NHAI are prioritized for statutory dues and debt repayment before any discretionary outflows. Furthermore, the sponsor, BGCCPL, provides an undertaking to fund any shortfalls in O&M expenses, Major Maintenance (MM), or debt servicing, while maintaining a minimum 51% shareholding and management control throughout the loan tenure. The facility carries standard financial and operational covenants typical of such credit facilities.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA: Not Applicable

Any other information: Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspension):

Facilities		Current Rating (2026)		2025		2024		2023	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	544.01	BWR AAA; Stable	-	-	-	-	-	-
Total		544.01	(Rupees Five Hundred Forty-Four Crore One Lakh Rupees Only)						

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Rating Criteria for the Infrastructure Sector](#)
- [Rating Criteria – Rating of HAM Road Projects](#)

Analytical Contacts	
Shreekant Digambar Kadere Senior Rating Analyst shreekant.dk@brickworkratings.com	Niraj Kumar Rathi Senior Director Ratings niraj.r@brickworkratings.com
media@brickworkratings.com	CustSupport@brickwrokratings.com

BG Aligarh Kanpur Highway Private Limited (BGAKHPL)

Annexure-I: Details of Bank Facilities rated by BWR

SL. No.	Name of the Bank/Lender	Type Of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the Instrument
1	State Bank Of India (SBI)	Term Loan-Outstanding	544.01	-	544.01	Simple##
Rupees Five Hundred Forty Four Crore and One Lakh only						

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf). Investors' queries can be sent to info@brickworkratings.com.

ANNEXURE-II: INSTRUMENT DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE-III: List of entities consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

List of instruments and regulators:

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference shares (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) ¹	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) ⁻¹	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) ⁻¹	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ⁻²	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, FIs	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme ⁻³	-
Issuer Ratings ⁴	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference shares (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) ⁻¹	Investor-side Regulator, such as IRDAI, PFRDA ⁵
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries, and Companies ⁶	NA

Important Notes and Clarifications

- Includes securitisation transactions involving assignee payout and acquirer's payout.
- Includes bank facilities such as liquidity facility, second loss facility, which are part of securitisation transactions.
- The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI, or MCA, and can only be determined upon issuance. In PRs subsequent to issuance(s), BWR shall separately capture the rated quantum details along with the names of respective regulators.

- There is no instrument being rated, and hence, the Regulator of the Instrument is not applicable.
- These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
- Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to the rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

For any grievances relating to the rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009, and its corporate office is in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter. Brickwork offers credit ratings of Bank Loan, Non-convertible/convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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