Rating Rationale **16 July 2026**

Devanahalli Kolar Highway Private Limited (DKHPL)

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 478.57Crs. of Devanahalli Kolar Highway Private Limited.

Facilities**	Amount (Rs. in Crs)	Tenure	Rating#
Fund Based	**478.57**	Long Term	**BWR BBB-/ Stable Assignment**
Non Fund Based	**(61.85)**	Long Term	**BWR BBB-/ Stable Assignment**
Grand Total	**478.57**	**(Rupees Four hundred seventy-eight crores and fifty-seven lakhs only)**	

*Please refer to BWR website **www.brickworkratings.com** for definition of the ratings
**Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

RATING ACTION / OUTLOOK

BWR has assigned a rating of BWR BBB-/Stable to the bank facilities of DKHPL totalling Rs. 478.57 crs. The rating factors achievement of financial closure, commencement of construction and receipt of Mobilization advance, balanced against the project's early stage of implementation and monitorable equity infusion linked to sponsor support.

The 'Stable' outlook reflects BWR's expectation that the project will progress as per schedule, as it has achieved financial closure and received an appointed date, along with approximately 93% land availability confirmed. Additionally, the sponsor's experience is also likely to aid smooth execution.

KEY RATING DRIVERS

Credit Strengths-:

Favourable project structure under Hybrid Annuity Model (HAM) with adequate execution readiness:
The project has secured Right of Way (RoW) for 93.17% as of date, with award of appointment date of May 8, 2026. The construction is subcontracted to the BVEPL on a fixed-price EPC contract, partially mitigating construction progress risk. Additionally, all key statutory and regulatory approvals required for project execution are in place, supporting timely implementation**.** The Concession Agreement also provides adequate safeguards through provisions for compensation and change of scope in case of delay in handing over the balance land.

The project benefits from the inherent structural strengths of the Hybrid Annuity Model (HAM), which eliminates traffic and toll collection risks, thereby ensuring revenue visibility. Post achievement of the Commercial Operation Date (COD), the project is entitled to receive fixed semi-annual annuity payments of Rs. 50.50 crore over a 13-year concession period, providing stable and predictable cash flows.

Moderate funding risk with achieved financial closure and defined capital structure:
The project exhibits moderate funding risk. The total project cost of Rs. 885.41 crore is to be funded through a construction grant of Rs. 247.32 crore from Karnataka Road Development Corporation Limited (KRDCL), senior term debt of Rs. 478.57 crore, and promoter contribution of Rs. 159.52 crore spread across FY27 and FY28. The grant component reduces the upfront equity burden and enhances project viability. Financial closure has been achieved for the project, with the necessary senior term debt fully sanctioned by NaBFID.
BWR notes that the promoter contribution is currently funded through a term loan of Rs.75.00 cr from JIO Credit Limited (an NBFC), until the sponsor can monetise its stake in Raichur Sindhanur Highways Private Limited (RSHPL) post its COD, which is likely to yield Rs. 140-150cr. Consequently, the timely achievement of COD and the successful divestment of the RSHPL asset are critical to ensuring the scheduled promoter infusion and preventing any disruption in project implementation, making them key monitorables.

Moderate financial flexibility and execution support from sponsor (BVEPL):
The project derives support from its sponsor, Bharat Vanijya Eastern Private Limited (BVEPL), which has an established track record in road EPC execution. BVEPL's credit profile has moderated in the recent years, as reflected in the increasing debt levels as well as an elongated working capital cycle despite an improvement in revenue and profitability and strong revenue visibility with an order book of Rs.2,787.82 cr as on 1st April 2026. BVEPL's ISCR has reduced from 3.78x in FY24 to 2.94x in FY26, and DSCR has moderated to 1.12x in FY26 from 1.22x in FY25. BWR notes that the TOL /TNW and gearing is likely to remain elevated owing to the equity commitments of Rs. 155cr and Rs.85cr in FY27 and FY28 respectively for the current project and Hoskote Malur Highways Private Limited (HMHPL) (BWR A-/Stable) as it is likely to be funded through additional term loans until the expected monetisation of the Raichur Sindhanur Highways Private Limited's (RSHPL) HAM project which is contingent upon COD and all necessary approvals being achieved in a timely fashion.

Credit Weaknesses-:

Execution risk associated with an under-construction project:
The project remains exposed to execution risks inherent in any under-construction infrastructure asset. DKHPL is at an early stage of construction, with the appointed date being 8 May 2026. While around 93% of the unencumbered land is available, no forest clearance is required, all construction-phase approvals have been obtained, and the project has been awarded on a fixed-price, fixed-time EPC basis to an experienced contractor (BVEPL). Timely completion within the stipulated cost and schedule will remain a key monitorable.

Counterparty risk:
Karnataka Road Development Corporation Limited, a Government of Karnataka undertaking, serves as the concessioning authority. Grants during the construction period and annuity payments will be from KRDCL.

While KRDCL has demonstrated a track record of punctual construction grant disbursements in other projects, its credit profile is still viewed as being a level below sovereign-backed central entities like the National Highways Authority of India (NHAI). BWR considers the overall counterparty risk in terms of timeliness of payments to be moderate.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has considered the standalone approach for the Company. BWR has applied its rating methodology as detailed in the rating criteria, with the detailed link mentioned below (Hyperlinks provided at the end of this rationale)

RATING SENSITIVITIES

Positive Sensitivity:

- Demonstration of significant project progress without any material cost or time overruns and timely equity infusion and grant receipt.

Negative Sensitivity:

- Weakening of the sponsor’s financial flexibility impacting timely equity infusion.
- Any material delays in project execution or cost overruns impacting the project’s completion schedule.

LIQUIDITY INDICATORS: Adequate

The liquidity profile of the project is adequate, supported by the sponsor's financial profile, achievement of financial closure (Debt of Rs.478.57cr) and reasonable assurance of receipt of grant from the authority (Rs.247.32cr) basis project progress. The equity contribution from the sponsor towards the project is Rs. 159.52 cr, and the strength of the sponsor profile is reflected in the expected cash accrual in the range of Rs 90-100 cr for FY’27. (Cash accrual of Rs. 68 cr generated in FY’26). As on date, the sponsor has already infused~ Rs. 30 crore in the form of equity/sub debt, and the project has also received a mobilization advance of Rs. 30.89 crore in accordance with the concession agreement, ensuring smooth initial project execution.

ABOUT THE ENTITY

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

Devanahalli Kolar Highway Private Limited (DKHPL) is a Special Purpose Vehicle (SPV) incorporated by the sponsor Bharat Vanijya Eastern Private Limited (BVEPL) to execute the widening and development of a 48.20 km stretch of State Highway-96 (Devanahalli–Vemagal–Kolar road) in Karnataka on Design, Build, Finance, Operate, Maintain and Transfer (DBFOMT) basis under Hybrid Annuity Model (HAM). The Concession Agreement has been executed between DKHPL and KRDCL on March 3, 2026. The total concession period is 15 years, including 2 years of construction period. The company has received the appointed date of 8th May 2026.

ESG Profile
The company demonstrates an evolving ESG profile based on its environmental, social, and governance practices**.**

Environmental: Implementation of the budgeted Environmental Management Plan (EMP) for dust and debris management alongside the procurement of execution-level SPCB consents (CTE/CTO) for batching plants under the clearances secured by KRDCL.

Social: Minimization of community resettlement risk with 93.17% of the Right of Way (ROW) already handed over by KRDCL for the Appointed Date achieved on May 08, 2026, alongside strict enforcement of the Traffic Management Plan and labor safety standards.

Governance: Strict financial and operational transparency ensured via a ring-fenced SPV structure with a contractually mandated Escrow cash-flow waterfall and independent milestone certification by an Authority-appointed Independent Engineer.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY2024	FY2025	FY2026
Result Type	–	Audited	Audited	Unaudited
Total Operating Income	Rs. Cr	NA	NA	NA
EBITDA	Rs. Cr	NA	NA	NA
PAT	Rs. Cr	NA	NA	NA
Tangible Net Worth	Rs. Cr	NA	NA	NA
TOL/TNW	Times	NA	NA	NA
Current Ratio	Times	NA	NA	NA

The financial summary is not applicable as the project is under construction. The company was incorporated on 25th February 2026 with an authorised capital of Rs. 1 lakh

KEY COVENANTS OF THE FACILITY RATED
Standard covenant as per the sanction letter

STATUS OF NON-COOPERATION WITH PREVIOUS CRA
Not Applicable

RATING HISTORY FOR LAST THREE YEARS (including withdrawal and suspended)

Sl. No.	Faciltiy	Current Rating (2026)			Rating History		
		Type	Amount (Rs. Crs.)	Rating	2025	2024	2023
1	Fund Based Rupee Term Loan	Long Term	478.57	BWR BBB-/Stable/Assignment	NA	NA	NA
2	Non-Fund Based- Bank Guarantee -Sublimit of Rupee Term Loan	Long Term	(61.85)	BWR BBB-/Stable/Assignment	NA	NA	NA
Total			**478.57**	**(Rupees Four hundred seventy-eight crores and fifty-seven lakhs only)**			

Hyperlink/Reference to applicable criteria

- General Criteria
- Approach to Financial Ratios
- Infrastructure Sector Ratings
- Rating Criteria-Rating of HAM road projects

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Devanahalli Kolar Highway Private Limited (DKHPL)

ANNEXURE I
Details of 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	National Bank for Financing and Infrastructure Development (NaBFID)	Rupee Term Loan-Sanctioned	478.57	-	478.57	Simple##
2	National Bank for Financing and Infrastructure Development (NaBFID)	Bank Guarantee-Sublimit of Rupee Term Loan	(61.85)		(61.85)	Simple##
Total			478.57	0	478.57	
Total (Rupees Four hundred seventy-eight crores and fifty-seven lakhs only)						

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf.Investors queries can be sent to info@brickworkratings.com.

Annexure II
Instrument (NCD/Bonds/CP/FDs) Details: NIL

ANNEXURE III
List of entities consolidated: NIL

List of Instruments and Regulators

Instrument / Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (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 Mutal 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 share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
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

1. Includes securitisation transactions involving assignee payout, acquirer's payout.
2. Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3. 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 names of respective regulators.
4. There is no instrument being rated and hence, Regulator of the Instrument is not applicable.
5. 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.
6. Permitted by SEBI vide SEBI Master Circular for CRAs

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

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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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