

Rating Rationale

03 July 2026

Hariharganj-Parwa Highways Pvt. Ltd

Brickwork Ratings assigns the rating of BWR AAA (Stable) for the Bank Loan facilities of Rs 356 Crs. of Hariharganj-Parwa Highways Pvt. Ltd

Particulars

Facilities	Tenure	Present Amount (₹ Cr)	Present Rating
Fund Based	Long Term	285.04	BWR AAA (Stable) (Assignment)
Fund Based (Proposed)#	Long Term	70.96	BWR AAA (Stable) (Assignment)
Total		356.00	(Three Hundred Fifty-Six Crores Only)

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of facilities is provided in Annexure-I&II

BWR has relied upon audited financials up to FY26 and financial and cash flow projections provided by the company

#Ratings on proposed facilities are valid only until the facility is availed.

DETAILED RATIONALE FOR RATING ACTION / OUTLOOK

BWR has assigned the ratings of BWR AAA(Stable) for the Bank Loan facilities of Rs 356 Crs. of Hariharganj-Parwa Highways Pvt. Ltd.

The assigned ratings factor in rating strengths, such as low revenue and cash flow risk, realization risk, as NHAI backs the project under the Hybrid Annuity Model(HAM), Inherent benefits of HAM, and no project execution/construction risk, healthy debt protection metrics; however, ratings also factor in rating weaknesses, such as susceptibility to changes in operational cost and interest rate

Outlook-Stable: The stable outlook is assigned to the long-term ratings as the company is expected to benefit from the timely receipt of semi-annual payments from NHAI, as well as the operational and financial strength of the sponsor, Shivalaya Construction Limited

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: There are standard covenants as per the Sanction letter

KEY RATING DRIVERS

Rating Strengths-:

Low Revenue and cash flow risk realization risk as backed by HAM: The project has already received four annuity payments of Rs 27.76 Crs exclusive of GST until FY 26, out of 60% of BPC from NHAI in the form of 30 semi-annual payments, starting six months from the Provisional Commercial Operation date (PCOD). Along with fixed annuities, the project has already received interest on annuities of Rs 58.88 Cr, exclusive of GST until FY 26 and is also entitled to receive interest payments on the balance annuities to be paid at the bank rate plus a spread of 3%. In addition, the company has also received the Operation and Maintenance (O&M) payment amounting to Rs 5.44 Crs exclusive of GST until FY 26. The project's revenue model is highly secure and derived from three primary, inflation-indexed streams: Capital Annuities: 60% of the adjusted Bid Project Cost, paid out semi-annually over a 15-year concession period. Interest Income: Interest on the reducing balance of outstanding annuities, benchmarked at the Bank Rate plus 3%. O&M Payments: A base O&M receipt of Rs 3 Crs per year. Inflation Indexing: All streams are adjusted via the Price Index Multiple (PIM), which is weighted on the basis of the Wholesale Price Index (WPI) and Consumer Price Index (CPI). Further, the project maintains an excellent operational record with no performance-related penalties.

Inherent benefits of HAM and no project execution risk: HAM provides benefits such as the issuance of PCOD on completion of construction on the land made available from the appointed date, allowing annuities to be paid proportionally to the completed work. Other benefits include indexation of the Bid Project cost (BPC) and Operation and Maintenance cost (O&M) to the extent of inflation and interest payments on the residual annuity in the operational period. The company achieved PCOD w.e.f. 29 Feb, 2024, on ~ 27.24 Km stretch (~81% of the total project length of 33.76 km), while the pending length was delinked due to encumbered land unavailability. As of March 2026, ~96.52% of the total length is complete, and ~6.5 km of the pending project stretch remains incomplete due to delays in handover by NHAI. Further, as per the company, currently the company has completed 99% of the project on the availability of 100% hindrance free land/Main carriage way, leading to no project execution /construction risk. As of March 31, 2026, the sponsor had infused funds of Rs 86.22 crore, comprising equity and unsecured loans. Apart from the NHAI grant and sponsor infusion, debt of~ Rs 293.40 crore (of the sanctioned limit of Rs 314.13 crore) was drawn till 31 March, 2026. Disbursement of Rs 20.73 crore is still pending as of 30 May 2026. While no further cost and overruns are expected currently, despite the delay, SCL has provided an undertaking on financial support in case of a cost overrun or cash flow mismatch during the construction and operational phases, respectively.

Healthy debt protection metrics. The average DSCR is expected to be healthy at 1.30x on an average basis till the tenure of the debt. The company has already created a DSRA, equivalent to six months of debt servicing obligation (amounting to Rs 19.36 crore), in the form of an FD. Apart from the DSRA, the company has created MMRA of Rs 2.5 crore in the form of an FD, in accordance with the base case financial plan. Any shortfall in the creation of DSRA and MMRA will be supported by the sponsor. Additionally, there is a gap of one month between the scheduled annuity payment date and the debt obligation date, which provides a cushion in case of a delay in annuity payments.

Operational experience and financial strength of the sponsor. The company will continue to benefit from the operational know-how and financial strength of its sponsor. SCL is the O&M contractor and will be responsible for routine and periodic maintenance of the project stretch. SCL has vast experience in constructing high-quality roads in a timely manner and within the stipulated cost for over two decades. It is involved in the construction, upgradation, and maintenance of roads, including national and state highways and rural roads. Also, SCL undertakes the construction of buildings, minor bridges, and waterways. The company has undertaken and completed many construction projects across India. It is registered as a Class 1 government contractor with the governments of Haryana, Rajasthan, Jammu & Kashmir, Delhi, Jharkhand, Chhattisgarh, Punjab, and Madhya Pradesh. Further, the sponsor has provided an undertaking for financial support in case of a shortfall in DSRA, MMRA, and cash flow mismatches during the operational phase. SCL's order book is concentrated in the roads and highways segment, consisting entirely of contracts from central-government-backed counterparties. The revenue backlog is heavily anchored by premier authorities, including the NHAI (56%), the Ministry of Road Transport & Highways through the Public Works Department (6.01%), the National Highways and Infrastructure Development Corporation Limited (2.43%), and the Maharashtra State Infrastructure Development Corporation (1.5%).

Rating Weakness:-

Susceptibility to changes in operational cost and interest rate. The project's revenue depends on meeting strict maintenance standards for the project stretch; failure to comply may result in annuity deductions, threatening debt-servicing capacity. Additionally, because operational expenses are inflation-linked, spikes in these costs could squeeze cash flows. To mitigate these risks, there is sponsor support. The sponsor, SCL, is expected to absorb any cost overruns exceeding the base-case financial plan. The financing structure mandates the phased creation of a dedicated Major Maintenance Reserve Account (MMRA) to buffer against heavy, periodic maintenance outlays. Further, a significant portion of the project's cash inflow comes from interest payments on the remaining annuity balance, which are tied to commercial bank rates. Consequently, a declining interest rate environment poses a risk to revenue. However, this exposure is mitigated by a natural hedge: the project's debt also carries a floating rate linked to the same Bank rate plus a spread of 3.%. As interest rates fluctuate, debt-servicing costs should shift in tandem with interest revenues, keeping the Debt Service Coverage Ratio (DSCR) stable. While the project maintains an adequate cash flow cushion to absorb minor volatility, the effectiveness of the interest rate hedge and the containment of operational costs will remain critical rating monitorables.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA: BWR has applied a standalone approach as the project cash flows from this project are ringfenced/Escrowed and there is a waterfall mechanism

RATING SENSITIVITIES

Positive: NA

Negative:

- Significant delay in receipt of annuities or deduction in annuities and O&M payments or higher-than-expected maintenance costs
- Higher-than-expected drawdown of debt, weakening the debt protection metrics, or a weakening of the DSCR below 1.15x
- Non-adherence to the structural features of the transaction, such as DSRA equivalent to 6 months
- Significant weakening in the credit risk profile of the sponsor, SCL, and NHAI

LIQUIDITY INDICATORS(Adequate): At end-March 2026, in addition to the DSRA amounting to ~INR 19 crore, the Concessionaire has adequate liquidity amounting to ~INR 13 crore, an MMRA reserve of Rs 2.5 crore, and an undrawn bank line/Term Debt amounting to ~INR 21 crore as on date.

COMPANY’S PROFILE: Hariharganj-Parwa Highways Private Limited (HPHPL) is a Special Purpose Vehicle (SPV) established in November 2020 by Shivalaya Construction Company Limited (SCCL). The entity was formed exclusively to execute a major National Highways Authority of India (NHAI) infrastructure project under the Hybrid Annuity Model (HAM). The Project: The four-laning of a 33.77 km section of National Highway-98 (NH-98) in Jharkhand, spanning from Km 23.284 (Hariharganj) to Km 57.049 (near Parwa More). Concession Period: 17 years in total, consisting of a 2-year construction timeline and a 15-year operational/annuity phase. Current Status: The project has successfully mitigated construction risk by securing its Provisional Commercial Operations Date (PCOD). It has officially transitioned into the operational phase, achieved operational stabilization, and has already begun receiving its initial annuity payments from the NHAI.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters		FY 2024	FY25	FY 26
Result Type	Units	Audited	Audited	Audited
Operating Revenue	Rs. Crs	257.10	72.65	108.21
EBITDA	Rs. Crs	63.72	4.95	-0.89
PAT	Rs. Crs	35.73	-13.70	-15.05
Tangible Net Worth	Rs. Crs	135.41	132.84	111.75
Tangible Net Worth Adjusted*	Times	145.39	150.03	131.07
Total Debt/ Tangible Net Worth	Times	1.39	1.52	2.54
Total Debt/Tangible Net Worth (Adjusted)	Times	1.24	1.23	2.01

Current Ratio	Times	1.58	1.13	2.10
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*Adjusted for Unsecured Loans, which are considered quasi-equity as these are subordinated to senior debt

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY): NA

ESG: Managing a HAM project addresses ESG by ensuring timely statutory clearances, monitoring construction and O&M impacts, and maintaining strong governance controls. In highway projects, the ESG approach involves more than meeting legal minimums; it also covers sustainable practices such as resource conservation, safety improvement, climate resilience, and better stakeholder engagement.

Environmental compliance: EIA/permits, dust/noise control, waste handling, borrow area management, water protection, and biodiversity safeguards.

Social compliance: land acquisition, resettlement support, livelihood restoration, community access, grievance redressal, and stakeholder communication. Safety and health: worker PPE, contractor safety controls, road-user safety, incident management, and emergency response readiness.

Governance controls: transparent procurement, contract compliance, audit trails, reporting, and oversight of contractors/subcontractors. Sustainability actions: use of recycled or alternative materials, energy efficiency, climate resilience measures, and maintenance practices that reduce lifecycle resource use.

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

Sl. No.	Facilities	Current Rating			Rating History		
		Tenure	Amount (Rs Crs)	Rating	2025	2024	2023
1	Fund Based	Long Term	285.04	BWR AAA (Stable) (Assignment)	-	-	-
2	Fund Based (Proposed)	Long Term	70.96	BWR AAA (Stable) (Assignment)			
Total			356.00	(Three Hundred Fifty-Six Crores Only)			

ANY OTHER INFORMATION: NA

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector Ratings](#)
- [Rating of HAM road projects](#)

Analytical Contacts	
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Hariharganj-Parwa Highways Pvt. Ltd

ANNEXURE I

Details of Bank Loan Facility rated by BWR :

Name of the Bank	Facilities	Tenure	Amount (in ₹ Cr.)	Complexity
Indian Bank	Term Loan	Long Term	285.04	Simple
Proposed	Term Loan	Long Term	70.96	Simple
TOTAL (Rupees Three Hundred Fifty-Six Crores Only)			356.00	

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS:

*For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE III

List of entities consolidated: NA

ANNEXURE 1V

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 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

- Includes securitisation transactions involving assignee payout, acquirer's payout.
- Includes bank facilities such as liquidity facility, second loss facility that 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 names of respective regulators.
- There is no instrument being rated and hence, Regulator of the Instrument is not applicable.
- These ratings were assigned during the regulatory regime prior to the introduction of the 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

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Disclaimer

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