

Patel Cholopuram-Thanjavur Highway Private Limited

April 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	704.71	CARE BBB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Patel Cholopuram-Thanjavur Highways Private Limited (PCTHPL) reflects operational status of the project with receipt of final commercial operations date (COD) for the entire length of 47.84 Km from, November 15, 2024, and timely receipt of nine annuities from authority in lines with the settlement agreement.

The rating draws strength from the hybrid annuity model (HAM), which offers low funding risk through inflation-indexed construction annuities and favourable concession agreement clauses that ease execution challenges. Post-implementation risk remains low due to inflation-linked O&M annuities and bank rate-linked interest annuity receipts.

The rating is supported by low counterparty risk from National Highways Authority of India (NHAI, rated CARE AAA; Stable), defined cashflow through escrow, and presence of liquidity buffers such as debt service reserve account (DSRA) and major maintenance reserve account (MMRA).

However, rating strengths are tempered by high leverage, marked by refinancing earlier project debt with availing top-up loan, which has been passed on to the sponsor. This has resulted in modest debt coverage indicators and may require some support from the parent Patel Infrastructure Limited (PIL; rated CARE A-; Stable/ CARE A2+). The project is exposed to inherent operations and maintenance (O&M) risk and inherent interest rate risk. PCTHPL entered fixed price O&M and MM agreement with the parent PIL, which with presence of sponsor support undertakings and presence of MMRA, mitigate risk to a certain extent.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Reduction in debt leading to improved average debt service coverage ratio (DSCR) above 1.10x on a sustained basis.

Negative factors

- Deterioration in the credit profile counter party (NHAI) or significant deterioration in the credit profile of the sponsor and EPC contractor i.e. PIL.
- Significant delays or deductions in the annuities or availing of significant top-up debt or any adverse movement in O&M expenses or interest rate resulting in lowering of the average debt service coverage ratio (DSCR) below 1.05x.
- Non-adherence to sanctioned debt terms such as non-maintenance of requisite reserves, non-adherence of escrow arrangement or waterfall mechanism, etc.

Analytical approach:

Standalone, while factoring linkages with the sponsor PIL.

Outlook: Stable

The 'Stable' outlook assigned to bank facilities of PCTHPL considers expected timely receipt of subsequent annuities without any delays or deductions, resulting in comfortable debt coverage indicators.

Detailed description of key rating drivers:

Key strengths

Operational status with annuity track record

The project achieved PCC-1, PCC-2, and PCC-3 between August 2021 and May 2023, and has received PCC-4, i.e. the final COD for the entire length of 47.84 Km on November 15, 2024.

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

PCTHPL received nine annuities from NHAI without deductions, per the settlement agreement, with annuities one to six being received on a proportionate basis and seven to nine in full.

CARE Ratings Limited (CareEdge Ratings) expects timely receipt of remaining annuities post final COD to support liquidity and debt servicing.

Low counterparty credit risk

Incorporated by the Government of India (GoI) under an Act of Parliament as a statutory body, NHAI functions as the nodal agency for the development, maintenance, and management of the national highways in the country. NHAI is vested with executive powers for developing national highways in India by the Ministry of Road Transport & Highways (MoRTH). Outlook on NHAI reflects outlook on the sovereign, whose direct and indirect support continues to be the key rating driver.

Assured cash flow due to annuity nature of revenue stream linked to inflation-indexed BPC and O&M annuity and bank rate-linked interest annuity

During the operational phase, the cash flow in HAM-based projects is assured in the form of annuity payments from the NHAI on a semi-annual basis covering 60% of the project completion cost and interest annuity at 'bank rate plus 3%' on reducing balance and inflation-indexed O&M annuity.

Impact of change in law account of introduction of GST Act 2017

With annuity payments being brought under the GST regime, in line with the NHAI policy circulars, operational HAM projects will be eligible to receive a Change in Law (CIL) payment on the construction and O&M annuity per rate approved by the authority and will receive the entire GST on interest annuity. The concessionaire will be responsible for depositing the entire GST levy at 18% on all three components, construction, O&M, and interest annuity. The timely receipt of CIL payments from the authority will be crucial from the credit perspective. Vide the letter dated May 30, 2024, NHAI released payment considering additional liability of GST on engineering, procurement, and construction (EPC) cost of the project. PCTHPL received a CIL payment of ₹112 crore. PCTHPL is receiving GST at 18% on interest annuity from the authority.

Demonstrated track record of PIL in executing road projects

Promoter family of PIL is engaged in the construction business for the last five decades. Over the years, PIL developed its expertise in construction of roads, bridges and buildings. PIL has a sound-track-record in the execution of projects, with most projects being completed within the envisaged time and cost parameters. PCTHPL entered fixed price EPC contract with PIL for execution of the project which mitigates cost overrun risk to an extent. PIL (as a sponsor), extended undertakings to PCTHPL's lenders to fund cost overrun beyond budgeted cost and to fund shortfall in debt servicing in entire facility tenor in case of delay or part receipt or non-receipt of annuity in the construction phase and operational phase. The sponsor has supported debt repayment obligations for PCTHPL in the past, which commenced prior to achievement of provisional COD (PCOD). Timely and need based support from the sponsor in case of exigencies during construction and operational phase would be a key rating monitorable.

Key weaknesses

Modest debt coverage indicators

Debt coverage indicator is expected to be modest, considering high project leverage marked by debt/completion cost of 43%. PCTHPL availed top up loan of ₹105.00 crore above sanctioned loan for the project, of which is utilised to upstream funds to the sponsor. However, PCTHPL has self-sustainable credit profile till completion of first MM cycle. Going forward, higher-than-envisaged O&M expenses and MM expenses without commensurate support from PIL is critical rating sensitivity. There is gap of around one month between annuity due date and repayment date, which provides cushion in case of procedural delays in receipt of annuity from the authority. The project has a tail period of ~1 years, leaving two annuities.

Inherent O&M risk

Although inflation indexed O&M annuity partly mitigates O&M risk, developers would still face risk of sharp increase in the O&M cost due to over envisaged wear and tear and aggressive bidding in O&M cost. However, PCTHPL is expected to enter fixed price and fixed time O&M contract with the sponsor, PIL, mitigating O&M risk to an extent. PIL has extended undertaking to infuse funds in case O&M expenses and MM expenses are higher-than-envisaged.

Inherent interest rate risk

PCTHPL is exposed to inherent interest rate risk. Project debt is sanctioned with a floating marginal cost of funds-based (MCLR) linked rate of interest, which is reset periodically. Risk is mitigated to a large extent considering receipt of interest annuity at the applicable 'bank rate plus 3%'. Therefore, PCTHPL remains exposed to interest rate risk owing to difference in MCLR rate and bank rate and non-linear transmission of change in the bank rates to lending rates.

Liquidity: Adequate

PCTHPL is envisaged to generate adequate cash flows, backed by a steady cash flow stream of annuity payments throughout the term loan tenor. There is a gap of ~1 month between scheduled annuity payment date and debt repayment date, which provides an additional cushion in case of a delay in receipt of the annuity. As on February 28, 2026, PCTHPL created a funded DSRA equivalent to six months of debt servicing obligations amounting to ₹62.31 crore and an MMRA amounting to ₹18.00 crore, per sanctioned conditions.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Hybrid Annuity Model based road projects](#)

[Infrastructure Sector Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport infrastructure	Road assets-toll, annuity, hybrid-annuity

PCTHPL is a special purpose vehicle (SPV), incorporated and majority owned by Patel Infrastructure Limited. It entered a 17 year concession agreement (CA; including construction period of 730 days from appointed date) with NHAI for the design, build, finance, operate and transfer (DBFOT) of 47.84 km (191.36 lane km) road project on HAM-basis.

The project under consideration aims at four laning of Cholopuram - Thanjavur from Km.116.440 to Km. 164.275 (Length 47.835 km) of NH-45C in Tamil Nadu under NHDP Phase - IV on HAM. The project received COD as on November 15, 2024, for the entire length.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	390.72	499.70
PBILDT*	71.01	48.75
Profit after tax (PAT)	-10.02	0.68
Overall gearing (x)	NM	NM
Interest coverage (x)	1.57	0.91

A: Audited UA: Unaudited NM: Non-Meaningful; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

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
Term Loan-Long Term		-	-	30-09-2035	704.71	CARE BBB; Stable

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 2025-2026	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
1	Term Loan-Long Term	LT	704.71	CARE BBB; Stable				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1		Full, proportionate or moderate	

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Maulesh Desai Director CARE Ratings Limited Phone: E-mail: maulesh.desai@careedge.in</p> <p>Setu Gajjar Associate Director CARE Ratings Limited Phone: 079-40265 E-mail: setu.gajjar@careedge.in</p> <p>Sakina Hussain Analyst CARE Ratings Limited E-mail: Sakina.hussain@careedge.in</p>
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