

### Heaps of HAM

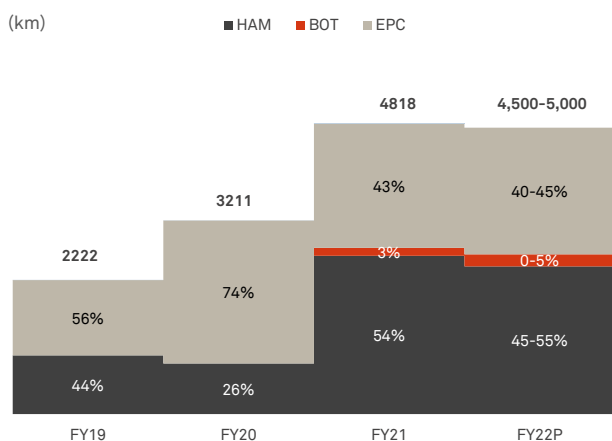
#### Mid-sized regional developers hog NHAH projects

The vigour in awarding of road projects by the National Highways Authority of India (NHAH) seen last fiscal will continue this fiscal as well, with the hybrid annuity model (HAM) accounting for around half of it. And mid-sized regional players will grab a large chunk of these HAM awards, a CRISIL Research estimate indicates.

Of the total 4,500-5,000 km expected to be awarded, 45-55% should be under the HAM mode, another 40-45% under the EPC mode, and <5% under the build-operate-transfer (BOT)-toll mode. HAM had accounted for 54% of the awards last fiscal as well.

As much as 51% of the ~1,900 km awarded by the NHAH has been under HAM in the first half of this fiscal. In September alone, the authority awarded 22 HAM projects spanning ~730 km.

#### HAM awarding expected to remain robust



To encourage private participation:  
 1. Bid eligibility for HAM reduced  
 2. Changes in BOT and HAM MCA introduced

Source: NHAH, CRISIL Research

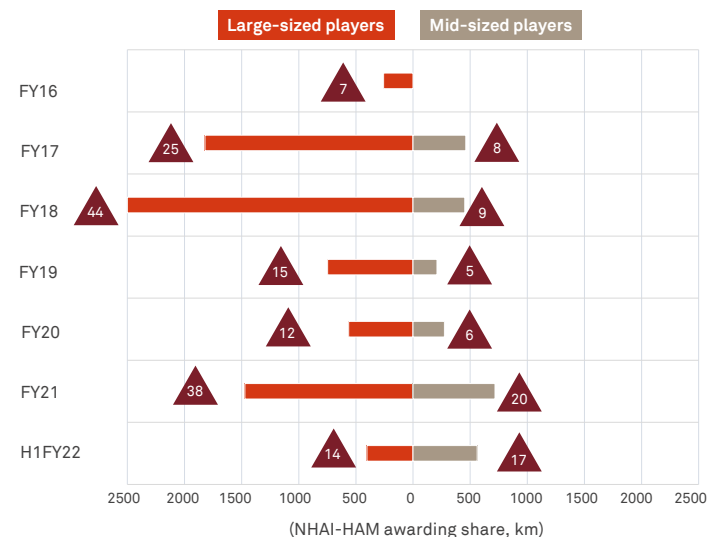
Interestingly, mid-sized regional players grabbed a mighty 58% of the HAM awards during the first half of this fiscal — higher than 33% in fiscal 2021. Between fiscal 2016, when the route was introduced, and fiscal 2020, their share was much lower at only 15%.

Interest in HAM has surged after the NHAH reduced the bid-eligibility criteria for its projects and made changes in the model concession agreement (MCA) to encourage private participation. The reduction in bid-eligibility criteria has paved the path for mid-sized players to enter the space.

On the flipside, the change has intensified competition, which is visible in the increase in the number of bidders to 10-15 from only 5-10 earlier and a decline in premium to 10-15% now from 15-20% previously, implying aggressive bidding.

In the milieu, financial closure and timely project execution by these players will be the key monitorables over the medium term.

#### Mid-sized regional players continue to gain share in HAM awards



▲ Indicates number of projects awarded

Note: % based on km; Large players: Revenue > Rs 1,500 crore; Mid-sized players: Revenue < Rs 1,500 crore. Source: NHAH, CRISIL Research – Roads Projects database

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