

May 17, 2025

<p>To,  <b>National Stock Exchange of India Limited,</b>  <b>Listing Compliance Department,</b>                  Exchange Plaza, C-1, Block-G,                  Bandra Kurla Complex, Bandra (E),                  Mumbai-400051</p> <p><b>Symbol:</b> HIGHWAYS</p>	<p>To,  <b>BSE Limited</b>  <b>Corporate Relations Department,</b>                  25<sup>th</sup> Floor, P J Towers, Dalal Street,                  Fort, Mumbai – 400 001</p> <p><b>Security Codes:</b> 974227, 974228, 975333 (“<b>Non-Convertible Debentures</b>”) &amp; 728473, (“<b>Commercial Paper</b>”)</p>
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**Subject: Intimation of Credit Rating of Highways Infrastructure Trust**

**Ref:**

1. Regulation 23 and any other applicable provisions of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time;
2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Dear Sir/Madam,

We wish to inform you that India Ratings & Research Private Limited (“**India Ratings**”) has affirmed a **Long- Term Issuer Rating of IND AAA/stable**, as an Issuer credit rating for Highways Infrastructure Trust (“**HIT/Trust**”).

Further, India Ratings has also taken the following rating actions on various debt instruments of the Trust. A summary of the same is enumerated below:

Sl. No.	Instrument Type	Size of Issue (INR million)	Rating/Outlook	Rating Action
1.	Rupee Term Loan	107617.37	IND AAA/Stable	Affirmed
2.	Proposed non-convertible debentures	6,800	Provisional IND AAA/Stable	Assigned
3.	Proposed non-convertible debentures	2,200	Provisional IND AAA/Stable	Affirmed
4.	Non-convertible debentures (reduced from INR 11,353.75 million)	11,337.50	IND AAA/Stable	Affirmed
5.	Bank guarantee	750	IND AAA/Stable	Affirmed

Please find enclosed India Ratings letter and rating rationale for your reference.

The said information is also being uploaded on the website of the Trust at [www.highwaystrust.com](http://www.highwaystrust.com).

You are requested to kindly take the same on record.

Yours faithfully,

For **Highways Infrastructure Trust**

(acting through its Investment Manager – **Highway Concessions One Private Limited**)

**Gajendra Mewara**

**Company Secretary & Compliance Officer**

**M. No. – ACS 22941**

**Place: Mumbai**

**CC:**

<b>Axis Trustee Services Limited</b> ("Unit Trustee") Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400025 Maharashtra, India	<b>Catalyst Trusteeship Limited</b> ("Debenture Trustee") 901, 9 <sup>th</sup> Floor, Tower B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Maharashtra, India	<b>ICICI Bank Limited</b> ("Issuing & Paying Agent") ICICI Bank Towers, Bandra Kurla Complex, Bandra, (East), Mumbai – 400051 Maharashtra, India
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Mr. Abhishek Chhajer  
CFO  
HIGHWAYS INFRASTRUCTURE TRUST  
Unit 601-602, 6th floor, Windsor House,  
Off CST Road, Kalina, Santacruz (E),  
Mumbai-400098, Maharashtra, India

May 16, 2025

*Dear Sir/Madam,*

**Re: Rating Letter for NCD & BLR of HIGHWAYS INFRASTRUCTURE TRUST**

India Ratings and Research (Ind-Ra) has taken the following rating actions on Highways Infrastructure Trust's (HIT) debt instruments:

Instrument Type	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Long-term issuer rating	-	-	IND AAA/Stable	Affirmed
Proposed non-convertible debentures**	-	INR6,800	Provisional IND AAA/Stable	Assigned
Bank guarantee <sup>^</sup>	-	INR750	IND AAA/Stable	Affirmed
Proposed non-convertible debentures**	-	INR2,200	Provisional IND AAA/Stable	Affirmed
Non-convertible debentures	-	INR11,337.50	IND AAA/Stable	Affirmed
Rupee term loan#	31 December 2041	INR107,617.37	IND AAA/Stable	Affirmed

<sup>^</sup>can be provided for one-to-two years

\*\* The rating is provisional and contingent upon the execution of certain documents and/occurrence of certain steps.

#Undrawn portion of rupee term loan (RTL) across RTL-2 and RTL-4 of INR23,951.5 million.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to

financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

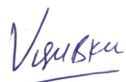
Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at [infogrp@indiaratings.co.in](mailto:infogrp@indiaratings.co.in)

Sincerely,

India Ratings



**Vishal Kotecha**  
Director

**Annexure: Facilities Breakup**

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Rupee Term loan	Axis Bank Limited	IND AAA/Stable	469.47
Rupee Term loan	ICICI Bank	IND AAA/Stable	4750.00
Rupee Term loan	State Bank of India	IND AAA/Stable	2349.55
Rupee Term loan	ICICI Bank	IND AAA/Stable	2937.25
Rupee Term loan	Axis Bank Limited	IND AAA/Stable	3456.16
Rupee Term loan	State Bank of India	IND AAA/Stable	4364.99
Bank guarantee	ICICI Bank	IND AAA/Stable	750.00
Rupee Term loan	India Infrastructure Finance Company Limited	IND AAA/Stable	6789.95
Rupee Term loan	Axis Bank Limited	IND AAA/Stable	10000.00
Rupee Term loan	State Bank of India	IND AAA/Stable	12000.00
Rupee Term loan	Punjab National Bank	IND AAA/Stable	11000.00
Rupee Term loan	HDFC Bank Limited	IND AAA/Stable	5000.00
Rupee Term loan	Punjab National Bank	IND AAA/Stable	17000.00
Rupee Term loan	State Bank of India	IND AAA/Stable	4000.00
Rupee Term loan	India Infrastructure Finance Company Limited	IND AAA/Stable	10000.00
Rupee Term loan	IndusInd Bank Limited	IND AAA/Stable	5000.00
Rupee Term loan	Axis Bank Limited	IND AAA/Stable	4500.00
Rupee Term loan	ICICI Bank	IND AAA/Stable	4000.00

**Annexure: ISIN**

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
NCD	INE0KXY07018	23/09/2022	7.71*	22/12/2025	IND AAA/Stable	3900
NCD	INE0KXY07026	23/09/2022	8.25	22/09/2029	IND AAA/Stable	2437.5
NCD	INE0KXY07034	18/01/2024	8.34	18/01/2027	IND AAA/Stable	5000

Source: NSDL, India Bond Info

\*Effective coupon rate paid is 7.81% as per terms of NCDs

## India Ratings Rates Highways Infrastructure Trust's Proposed NCD at 'Provisional IND AAA/Stable; Affirms Existing Ratings

May 16, 2025 | Road Assets—Toll | Annuity | Hybrid-Annuity

India Ratings and Research (Ind-Ra) has taken the following rating actions on Highways Infrastructure Trust's (HIT) debt instruments:

### Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Long-term issuer rating	-	-	-	-	IND AAA/Stable	Affirmed
Proposed non-convertible debentures**	-	-	-	INR6,800	Provisional IND AAA/Stable	Assigned
Bank guarantee^	-	-	-	INR750	IND AAA/Stable	Affirmed
Proposed non-convertible debentures**	-	-	-	INR2,200	Provisional IND AAA/Stable	Affirmed
Non-convertible debentures\$	-	-	-	INR11,337.50	IND AAA/Stable	Affirmed
Rupee term loan#	-	-	31 December 2041	INR107,617.37	IND AAA/Stable	Affirmed

^can be provided for one-to-two years

\*\* The rating is provisional and contingent upon the execution of certain documents and/occurrence of certain steps. Please refer to the section, DISCLOSURES FOR PROVISIONAL RATING, for additional details as per the Securities and Exchange Board of India's (SEBI) Master Circular.

\$ Details in Annexure I

#Undrawn portion of rupee term loan (RTL) across RTL-2 and RTL-4 of INR23,951.5 million.

### Analytical Approach

HIT is an infrastructure investment trust (InvIT) sponsored by Galaxy Investments II Pte Ltd, affiliated to funds, vehicles and/or entities managed and/or advised by Kohlberg Kravis Roberts & Co. L.P. and/or its affiliates, collectively referred to as KKR, for holding operational road assets in India.

The InvIT initially had four toll assets and two annuity assets. In November 2023, HIT acquired one toll asset and three HAM (hybrid annuity mode) projects. In January 2024, it acquired 100% stake in Swarna Tollway Private Limited (STPL) and 56.8% stake in Gujarat Road and Infrastructure Company Limited (GRICL), both toll assets. In June 2024, HIT acquired the toll asset Bangalore Elevated Tollway Private Limited (BETPL). In February 2025, HIT acquired one HAM asset Rewari Bypass Private Limited (RBPL) and received the appointed date for North Telangana Expressway Private Limited (NTEPL) for the commencement for toll collection in TOT16. The InvIT as of 31 March 2025 had a pool of operating SPVs, comprising nine toll (including one TOT), two annuity, four HAM SPVs.

Furthermore, HIT is acquiring 12 SPVs of PNC Infratech Limited and PNC Infra Holdings Limited (together PNC). The management plans to acquire the same in two phases and it will be funded through RTL-3, undrawn limits of RTL-4 and issuance of the proposed non-convertible debentures (NCDs). The net debt/enterprise value post proposed additions is expected to increase to 50%-55% (1HFY24: 35%).

For the rating purpose, Ind-Ra continues to take a consolidated view of the cash flows of all of InvIT's existing and proposed SPVs (existing: 15 (toll: nine including one TOT, annuity: two, HAM: four), proposed: 12 (toll: one, HAM: 11), details in Annexure IV). The surplus cash in the project assets will entirely be up-streamed to the InvIT in the form of either dividends or interest payments or repayment of the loans provided by the InvIT to the SPVs, leading to high fungibility of cash flows at the InvIT level. Furthermore, the InvIT does not have any external borrowings at the SPV level (except GRICL) and the financing documents cap the borrowings at the InvIT level.

### Detailed Rationale of the Rating Action

The ratings are underpinned by HIT's well-diversified project portfolio, along with a long operational history, pooling of cash flows from all projects, comfortable debt service coverage ratios (DSCRs) and robust debt structural features. The InvIT's cash flows show considerable resilience to stress cases, reflecting ample cushion for the timely debt servicing in potential downside scenarios. The risk emanating from the upcoming potential expressways over the next two-to-three years and the bullet risk for NCDs are mitigated by the project's debt features, including the healthy coverage ratios, internal liquidity buffers and a strong project life coverage ratio in the year of the bullet payments, supported by a long-concession period. Moreover, as per the debt structure stipulation, a one quarter debt service reserve account (DSRA) has been created for the existing RTLs and NCDs, adding to the liquidity cushion.

The rating assigned by Ind-Ra is not a comment on HIT's ability to meet distribution/dividend payouts to unitholders/investors, and neither should it be construed as a comment on the debt servicing ability of the individual assets or SPVs held by the trust.

# List of Key Rating Drivers

## Strengths

- InvIT structure provides diversification benefits
- Right mix of operational assets with long-term revenue visibility
- Robust debt protection features and adequate liquidity
- Low operational risk
- Low counterparty risk

## Weaknesses

- Acquisitions remain key

## Detailed Description of Key Rating Drivers

**InvIT Structure and Large Asset Pool Provides Diversification Benefits:** The pooled structure of the InvIT has resulted in a well-diversified asset pool with high cashflow fungibility. Ind-Ra derives comfort from the robust cash flows from the pool of 15 operational road SPVs. The SPVs do not have any debt at the individual level (except GRICL) and the entire cashflow is up streamed to the InvIT post meeting their operations and maintenance (O&M) expense, thereby providing high cash flow fungibility. The projects are located across Rajasthan, Gujarat, Tamil Nadu, Meghalaya, Madhya Pradesh, Karnataka, Haryana and Telangana and Andhra Pradesh, minimising the impact of any one-time event-related risks at isolated locations to an extent. Furthermore, the proposed PNC toll assets is in the state of Uttar Pradesh, adding to the diversification benefits. Also, Ind-Ra expects 11 HAM projects of PNC to improve the overall InvIT revenue profile. The strong characteristics of HAM projects including inflation-linked operational annuities, O&M payments and bank rate linked interest payment to be received from the strong counterparty, NHAI, add strength to the InvIT.

As per the InvIT regulations, the trust has appointed Axis Trustees Services Limited as the trustee, Highway Concessions One Pvt Ltd (HC1) as the investment manager, and HC One Project Manager Pvt Ltd (HC1 PM) as the project managers. The net-debt-to-enterprise value stood at 35% as of September 2024, which is likely to increase to 50%-55% post proposed asset addition. Though the net-debt-to-enterprise could increase on back of incremental debt for the proposed asset addition, Ind-Ra derives comfort from the comfortable credit metrics over the debt tenor, supported by the pool of operating assets. KKR continues to hold significant stake (about 71.66%) in the InvIT as on date. The Ontario Teachers' Pension Plan is another major unitholder, owning around 25%, and the balance units are held by body corporates, family officers and others.

**Right Mix of Operational Assets with Long-term Revenue Visibility:** The existing pool of assets has demonstrated a long track record of satisfactory operational performance. These toll assets are mature with a tolling history of nine to 20 years.

The toll assets Godhra-Dahod project stretch (GEPL), part of NH-47; Dewas Bhopal Corridor Pvt Ltd (DBCPL), part of SH-18; Jodhpur Pali Expressway Pvt. Ltd (JPEPL), part of NH-65 and Ulundurpet Expressway Pvt Ltd (UEPL), part of NH 132 connect the traffic between Ahmedabad and Indore, Bhopal and Indore, Ambala (Haryana) in the northern region and Pali in the western region, Chennai and Trichy and Madurai in states of Gujarat, Madhya Pradesh, Haryana, and Tamil Nadu, respectively. GEPL provides the shortest connectivity from Indore to two port sites in Gujarat – Kandla and Mundra. During FY19-FY24, GEPL and DBCPL witnessed a healthy traffic growth rate at a CAGR of 8.20% and 6.5%, respectively. JEPL and UEPL witnessed a subdued traffic growth rate at a CAGR of 1.8% and 2.4% during the above period. Passenger car units (PCUs) grew 7%, 1.7%, 0.9%, 0.1% yoy for GEPL, DBCPL, JEPL and UEPL, respectively, during 1HFY25.

During FY24, the InvIT had acquired Udupi Tollway Pvt Ltd (UTPL; November 2023), and STPL and GRICL (January 2024). STPL and GRICL have two stretches covering Tada Nellore (TN) and Nandigam Ibrahimpatnam (NI) and Ahmedabad Mehsana (AM) and Vadodara Halol (VH), respectively. The traffic growth during FY19-FY24 remained satisfactory at a CAGR of 4.2% for UTPL, 4.1% and 4.4% for two project stretches of STPL and healthy at 7% and 10% for two project stretches of GRICL. Furthermore, 34% of the revenue has been considered in the form of compensation from the government of Gujarat (GoG) for GRICL in the management and Ind-Ra's projections. In the past, the compensation has generally been received within a gap of three months; timely receipt of compensation remains a key rating sensitivity. GRICL had received compensation payments till February 2025. PCUs grew 1.8% yoy for UTPL, 3.2% and negative 1.5% yoy for the two stretches of STPL, and 3.9% and 5.0% for the two stretches of GRICL during 1HFY25.

In June 2024, HIT completed the acquisition of BETL which connects Bangalore to Hosur. Here, PCUs grew at a CAGR of 5% during FY19 to FY24. The remaining concession period for the asset is about 15 months. In February 2025, HIT received the appointed date for the commencement of toll collection in TOT16. NTEPL paid a concession fee of INR66,610 million to NHAI through proceeds from the preferential allotment of units of INR55,013.2 million and from RTL-4 drawdown. Furthermore, HIT completed acquisition of 100% shareholding of RBPL in February 2025 by using the proceeds of preferential issue done in June 2024 and internal accruals. Furthermore, the existing debt at such SPV level availed from Canara Bank to the tune of INR1,820 million was refinanced in March 2025 using undrawn portion of RTL-2 to the tune INR1,800 million and balance through internal accruals of HIT.

The growth in toll revenue factors in annual toll rates revision being fixed at 3% and linked to 40% of the Wholesale Price Index (WPI) for GEPL, JPEPL, UTPL, Bareilly Nainital (BN) and NTEPL, 100% linked to WPI for UEPL and BETPL, 100% CPI (IW) for GRICL, 100% linked to inflation for STPL and a fixed 7% escalation for DBCPL.

The management projections are based on the traffic study estimates that factor in the potential traffic diversions. In the base case, Ind-Ra has further considered declining growth in traffic volumes considering the drivers indicated in the various traffic studies. Ind-Ra's base case analysis factors in assumptions for moderate traffic growth rates and diversion in traffic due to new roads coming up nearby during the tenor of the rated debt. The risk emanating from the considerable exposure to toll projects and a possible diversion is addressed by the project's debt features, restriction on any distributions to unitholders below DSCR of 1.30x during the loan tenor and internal liquidity buffers.



As of March 2025, the three HAM assets out of four assets acquired from H G Infra group viz Ateli Narnaul Highway Private Limited (AN), Gurgaon Sohna Highway Private Limited (GS), and Rewari Ateli Highway Private Limited (RA) received six annuities each and RBPL received three annuities. The BOT annuity assets viz., Nirmal BOT Private Limited (NBL) and Shillong Expressway Private Limited (SEPL) received 30 and 24 annuities, respectively. The annuities are being received in a timely manner and without any major deductions.

**Robust Debt Protection Features:** The InvIT has a total debt of INR74,250 million sanctioned in the form of RTL, NCDs and commercial papers (CPs). As of March 2025, INR34,165.9 million of RTL, about INR11,337.5 million of the listed NCDs, and INR2,750 million of the listed CPs had been utilised for refinancing the existing senior debt outstanding in the new SPVs; the prepayment of the subordinated loan/other debt instruments provided by the InvIT in any of the SPVs; and DSRA top-up/current debt raise transaction expenses. About INR23,951.5 million of RTL is yet to be drawn and it is proposed to be partly utilised for the acquisition of PNC SPVs.

RTL-2 of INR19,000 million has a door-to-door tenor of 17 years from the first date of drawdown of the facility, with the last repayment date not exceeding 30 June 2040. The existing RTL is linked to MCLR and repo rate, thereby exposing the trust to volatility in interest rates. However, the cushion in the cash flow would partially help absorb the impact of such fluctuations. The existing RTL-1 (sanction amount INR8,000 million) has a tail period of six and a half years and the RTL-2 (sanction amount of INR19,000 million) has a tail period of more than two years which is the difference between the loan maturity and the concession maturity.

The debt terms for RTL and NCDs specify a DSRA of three months of debt servicing obligations to be maintained at all times throughout the loan tenor; the DSRA is being maintained in the form of fixed deposit. Ind-Ra considers the healthy coverage ratios, the strong debt features and the liquidity cover to be sufficient to ensure debt protection to handle temporary stresses. Permitted indebtedness allows for raising any additional debt subject to meeting additional debt conditions, as per the financing documents.

The CP of INR2,750 million was issued for a period of 328 days with a redemption date of 23 September 2024. The InvIT had rolled over the CP from the proceeds of fresh CP with maturity of 91 days with a redemption date of 19 December 2024. The CP has been rolled over for a period of 364 days with the redemption date due on 16 December 2025. As per the management the roll over is done in such a way that the due date coincides with NCD bullet payment of Series I NCDs due in December 2025. The management represented that the said repayment obligation of CP and NCD will be met through refinanced debt of equivalent amount. The obligations of the refinanced debt will be met from the InvIT's cash flows.

As per the terms of NCDs, the conditions for additional debt stipulate the debt to be capped at a certain percent of enterprise value based on the asset type.

The RTL-4 (sanction amount of INR33,000 million) and the proposed NCD (INR9,000 million) have a loan tenor of 17 years and 16.75 years, respectively, with the last repayment due on December 31, 2041, leaving a tail period of three years. It is utilised for on-lending to SPV NTEPL which would be used for making concession fee payment of TOT16 and towards refinance of sub-debt infused. The debt has DSRA of ensuing three months principal & interest to be created within 15 days from the date of first disbursement. The debt also stipulates maintenance of a major maintenance reserve of (MMR) of ensuing three months and a restricted payment covenant with a minimum DSCR of 1.25x. Though the covenants of the proposed RTL are relaxed, Ind-Ra derives comfort from the comfortable credit metrics over the debt tenor supported, by the pool of operating assets. The debt also stipulates debt to capped at certain percent of enterprise value based on the asset type.

The proposed RTL-3 facility (sanction amount of INR49,500 million) has a loan tenor of 15 years with last repayment due on 31 March 2040. It will be utilised for on-lending to SPVs which would be used for repayment of existing loans at SPV level and towards refinance of sub-debt infused. The proposed debt has a DSRA of ensuing three months principal & interest, to be created within 15 days from the date of first disbursement. The proposed debt also stipulates maintenance of a major maintenance reserve of (MMR) of ensuing three months and a restricted payment covenant with a minimum DSCR of 1.25x similar to RTL-4. Though the covenants of RTL-3 and RTL-4 are relaxed, Ind-Ra derives comfort from the comfortable credit metrics over the debt tenor, supported by the pool of operating assets. The debt also stipulates debt to capped at certain percent of enterprise value based on the asset type. RTL-3 lenders have a put option at end of 12<sup>th</sup> year from agreement date or 31 March 2037 whichever is earlier.

The refinancing risk of the project, due to the presence of bullet payments in December 2025, January 2027 and September 2029 and put option at end of March 2037 in RTL-3, is partly mitigated by the healthy coverages, the stable stream of cash flows, and the presence of a reputed sponsor. The project life coverage ratio in the years of refinance (FY25, FY26, FY29 and FY37) is more than 1.6x, as per Ind-Ra's base case.

**Low Operational Risk:** The project's investment manager HC1 PM is a 100% subsidiary of HC1. The latter being the project manager shall supervise the O&M contractors responsible for routine maintenance, tolling and MM activities; they would work under the supervision of the project manager.

MM will be funded from project cash flows or by raising additional debt as per the terms of the financing documents. An MMR equivalent to MM expenses for the next six months will be created at the SPV or the InvIT level before any quarterly distribution. The O&M costs assumed in all the projects are in line with the average costs reported by Ind-Ra-rated peers. Ind-Ra takes comfort from KKR's established experience in the infrastructure space, along with the less complex nature of road operations. MM for current cycle has been completed for GEPL, JPEPL, NBL and STPL has been completed.

The MM activity for BETPL and UTPL is being undertaken and the management expects it to be completed by 1QFY26. The MM activity for GRICL is planned to be undertaken over FY25-FY26 and there would be another cycle of MM near the end of concession period. The management of the InvIT has confirmed that it would create and maintain adequate reserves for the planned MM activity.

The road quality and project-level operating expenses remaining in line with Ind-Ra's assumptions will be a key rating monitorable. For the new acquisition, the O&M activities of HAM projects would be critical as the annuities would be based on the maintenance of SPVs. Any significant increase in the O&M costs affecting the coverages can lead to a negative rating action.



**Low Counterparty Risks:** The existing portfolio has a mix of NHAI-backed toll, annuity, TOT and HAM projects, except three toll projects wherein the counterparties are Madhya Pradesh Road Development Corporation Ltd, Public Works Department, Rajasthan (the Ministry of Road Transport and Highways of India) and the GoG. The proposed PNC assets to be added have NHAI as counterparty for 11 HAM projects and Uttar Pradesh State Highway Authority for one toll project. NHAI has a robust credit profile and Ind-Ra has not observed any delay or default in annuity receipts of projects from NHAI.

**Acquisitions Hold Key:** The InvIT aims to scale up its portfolio in FY26 by acquiring more assets with strong counterparties. Although the SEBI's InvIT regulations 2014 allows its investment manager and HC1, to acquire pre-commercial operations date projects, the investment manager intends to acquire revenue-generating assets based on yield thresholds, traffic characteristics and geographic diversity, among others. The strength of acquisitions and its funding pattern will determine the credit strength of the InvIT. The agency will evaluate all acquisitions, which will be a key rating monitorable.

## Liquidity

**Adequate:** Ind-Ra expects HIT to generate surplus cash flows annually, given the strong average DSCR over the debt tenor. These coverages are resilient to the moderate stress applied on toll revenue, operating costs and interest expenses. HIT has to maintain a DSRA equivalent to one quarter of debt service to meet any contingencies throughout the debt term. The liquidity is also supported by the provision for a minimum DSCR of 1.30x to meet restricted payments, maintenance of a three-month DSRA, and a six-month MMR. As HIT, like other InvITs, expects to distribute surplus on a regular basis and is mandatorily required to do so under the InvIT regulations at least once annually, its liquidity remains adequate.

As on 31 March 2025, the InvIT along with its SPVs excluding GRICL maintained a DSRA of INR1,135.1 million and a cash surplus excluding a DSRA of INR5,814.76 million.

## Rating Sensitivities

**Positive:** Not applicable

**Negative:** Future developments that could, individually or collectively, lead to a negative rating action are:

- lower-than-expected toll revenue by more than 10% or higher-than-envisaged cost, on a sustained basis, leading to average DSCR falling below 1.50x,
- the DSCR being impacted by the acquisition of weaker assets or an adverse funding pattern,
- inadequate visibility for refinancing the bullet maturities,
- non-maintenance of liquidity reserves in line with the financing documents,
- any adverse regulatory changes, and
- any changes that affect the consolidation approach.

## Disclosures for Provisional Rating

**Proposed NCDs of HIT**

### 1) Rating that would have been assigned in absence of the pending steps/ documentation

Ind-Ra would not have been able to assign any rating in the absence of the pending steps/documentation, as the transaction structure as articulated does not exist.

### 2) Pending steps/documentation considered while assigning provisional rating and risks associated with the provisional nature of the credit rating:

Sr. no.	Pending Documentation Assigning the Rating*	Critical while Provisional	Risks Associated with the Provisional Nature of the Credit Rating in the absence of Completed Documentation or a Change in Documentation
1	Executed debenture trust deed		The provisional rating is assigned pending the execution of the final financing documents. In the absence of executed documents, which are in line with the originally envisaged draft terms, the transaction structure as delineated does not exist. In the absence of the documentation considered while assigning the provisional rating, the agency would not have assigned any rating to the proposed instrument

\*Additionally, any other relevant documents executed for the transaction should be provided to the agency.

**The pending steps while assigning provisional rating are as follows:**

- the execution of debenture trust deed and other critical financing documents
- debt terms in line with indicative terms assessed

### 3) Validity Period

The final rating, upon the receipt of the executed documents consistent with the draft documents, shall be assigned within 90 days from the date of the issuance of the instrument. The provisional rating may be extended by another 90 days, subject to Ind-Ra's policy, if the execution of the documents is pending.

The provisional rating will be reviewed immediately in case of any material changes in the terms of the proposed instrument and a revised rating will accordingly be published.

## Any Other Information

Not applicable

## ESG Issues

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on HIT, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

## About the Company

HIT is an InvIT with HC1 being the investment manager. It was registered as an InvIT under the SEBI InvIT Regulations in December 2021, and listed its units in August 2022. As on date, HIT owns a portfolio of 13 operational road SPVs (eight toll, three HAM and two annuity) with a total length of about 894.3km across nine states. KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions with assets under management of approximately USD624 billion as on 30 September 2024.

## Key Financial Indicators

Particulars (INR million)	FY24	FY23*
Revenue from operations	14,127.92	6,152.35
Total Revenue	14,673.83	6,431.07
EBITDA	6751.31	3,873.56
EBITDA margin (%)	46	60
Finance cost	2652.2	2,190.59
Interest coverage (EBITDA/Interest) (X)	2.55	1.77
Gross debt / EBITDA (X)	5.52	3.81
Cash and cash equivalents	9485.94	1896.69

Source: HIT audited financials\*August 2022 – March 2023, Ind-Ra

## Status of Non-Cooperation with previous rating agency

Not applicable

## Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook										
				17 April 2025	17 January 2025	8 February 2024	5 January 2024	27 December 2023	21 November 2023	20 October 2023	29 August 2023	2 May 2023	22 September 2022	
Bank guarantee	Long-term	INR750	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	-
Non-convertible debenture	Long-term	INR20,337.5	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Rupee Term loan	Long-term	INR1,07,617.37	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Long Term Issuer Rating	Long-term	-	IND AAA/Stable	IND AAA/Stable	-	-	-	-	-	-	-	-	-	-
Commercial paper	Short-term	INR2,750	-	-	WD	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	-	-	-	-

## Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank guarantee	High
Non-convertible debentures	High
Rupee term loan	High

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## Annexure

### Annexure I- NCDs Details

ISIN	Date of Issue	Coupon Rate (%)	Maturity date	Size of Issue (million)	Rating/Outlook
INE0KXY07018	23 September 2022	7.71*	22 December 2025	INR3,900	IND AAA/Stable
INE0KXY07026	23 September 2022	8.25	22 September 2029	INR2,437.5	IND AAA/Stable

INE0KXY07034	18 January 2024	8.34	18 January 2027	INR5,000	IND AAA/Stable
<b>Total</b>	-	-	-	<b>INR11,337.50</b>	-

Source: NSDL, India Bond Info  
\*Effective coupon rate paid is 7.81% as per terms of NCDs

#### Annexure II: Details of the SPVs part of InvIT

SPVs	Project Type	Counterparty	State	Length (km)	Lane	PCOD
GEPL	Toll	NHAI	Gujarat	87.1	4	2013
DBCPL	Toll	Madhya Pradesh Road Development Corporation	Madhya Pradesh	140.8	4	2009
JPEPL	Toll	Public Works Department, Rajasthan	Rajasthan	71.50	4	2014
UEPL	Toll	NHAI	Tamil Nadu	72.90	4	2009
UTPL	Toll	NHAI	Karnataka	89.28	4	2018
NBL	Annuity	NHAI	Telangana	30.90	4	2009
SEPL	Annuity	NHAI	Meghalaya	48.80	2	2013
AN	HAM	NHAI	Haryana	40.80	4/6	2022
RA	HAM	NHAI	Haryana	30.45	4	2021
GS	HAM	NHAI	Haryana	12.71	6	2022
STPL	Toll	NHAI	Andhra Pradesh	158.80	4	2004*
GRICL	Toll	Government of Gujarat (GoG)	Gujarat	83.3	4	2000/2003^
BETPL	Toll	NHAI	Karnataka	24.36	4/6	2006
RBPL	HAM	NHAI	Haryana	14.40	4	2023
TOT16	Toll	NHAI	Telangana	251.58	4	-

\*STPL has two projects – Tada Nellore and Nandigam Ibrahimpatnam both achieved PCOD in 2005

^GRICL has two projects – Ahmedabad Mehsana (AM) and Vadodara Halol (VH); PCOD for AM and VH were in 2003 and 2000, respectively

#### Annexure III: Details of the SPVs to be acquired:

SPVs	Project Type	Counterparty	State	Length (km)	Lane	PCOD
Dausa Lalsot (DL)	HAM	NHAI	Rajasthan	83.45	2/4	2020
Chitradurga Davangere (CD)	HAM	NHAI	Karnataka	72.7	6	2021
Chakeri Allahabad (CA)	HAM	NHAI	Uttar Pradesh	145.06	6	2023
Chalakere Hariyur (CH)	HAM	NHAI	Karnataka	55.7	4	2024
Aligarh Kanpur Pkg V(AK5)	HAM	NHAI	Uttar Pradesh	60.64	4	2023
Unnao Lalganj (UL)	HAM	NHAI	Uttar Pradesh	70	4	2023
Jagdishpur Faizabad (JF)	HAM	NHAI	Uttar Pradesh	60.22	4	2023
Meerut Nazibabad (MN)	HAM	NHAI	Uttar Pradesh	53.95	4	2024
Jhansi Khajurao -1 (JK1)	HAM	NHAI	Madhya Pradesh	76.6	4	2022
Jhansi Khajurao -2 (JK2)	HAM	NHAI	Madhya Pradesh	85.4	4	2021
Aligarh Kanpur Pkg 2 (AK2)	HAM	NHAI	Uttar Pradesh	45.164	4	2021
Bareilly Nainital (BN)	Toll	Uttar Pradesh State Highways Authority	Uttar Pradesh	53.57	4	2015

#### Annexure IV- Entities consolidated

Name of company	Type of consolidation	Rationale for consolidation
GEPL, DBCPL, JPEPL, UEPL, UTPL, NBL, SEPL, AN, RA, GS, BETL, RBPL, STPL, TOT16, DL, CD, CA, CH, AK5, UL, JF, MN, JK1, JK2, AK2	Full consolidation	100% subsidiaries
GRICL*	Consolidation (56.8%)	Subsidiary (56.8%)*

\*56.8% of cashflow is being considered for analysis; Balance shareholding of 16.39%, 16.57%, 10.24% to be held by GoG, IL&FS Financial Services Limited (debt rated at 'IND D'), IL&FS Transportation Networks Limited (debt rated at 'INDD')

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## **APPLICABLE CRITERIA AND POLICIES**

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### **Rating Criteria for Availability-Based Projects**

### **Evaluating Corporate Governance**

### **Rating Criteria for Infrastructure and Project Finance**

### **Policy on Provisional Ratings**

### **The Rating Process**

### **Short-Term Ratings Criteria for Non-Financial Corporates**

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