

January 20, 2025

To, National Stock Exchange of India Limited, Listing Compliance Department, Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai-400051 Symbol: HIGHWAYS	To, BSE Limited Corporate Relations Department, 25 th Floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001 Security Codes: 974227, 974228, 975333 (“Non-Convertible Debentures”) & 728473, (“Commercial Paper”)
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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 taken the following rating actions on various debt instruments of Highways Infrastructure Trust (“**HIT/Trust**”).

A summary of the same is enumerated below:

Sl. No.	Instrument Type	Size of Issue (INR million)	Rating/Outlook	Rating Action
1	Proposed Rupee Term Loan	33,000	IND AAA/Stable	Assigned
2	Proposed non-convertible debentures	2,200	Provisional IND AAA/Stable	Affirmed
3	Rupee Term Loan (reduced from INR 26,800 million)	25,237.84	IND AAA/Stable	Affirmed
4	Non-convertible debentures (reduced from INR 11,418 million)	11,353.75	IND AAA/Stable	Affirmed
5	Bank guarantee	750	IND AAA/Stable	Affirmed
6	Commercial Paper	2,750	WD	Withdrawn

Please find enclosed India Ratings letter dated January 20, 2025 and rating rationale for your reference.

The said information is also being uploaded on the website of the Trust at 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:

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

January 20, 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 Description	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Proposed rupee term loan	-	INR33,000	IND AAA/Stable	Assigned
Rupee term loan#	30 June 2040	INR25,237.84 (reduced from INR26,800)	IND AAA/Stable	Affirmed
Proposed non-convertible debentures**	-	INR2,200	Provisional IND AAA/Stable	Affirmed
Non-convertible debentures	-	INR11,353.75 (reduced from INR11,418)	IND AAA/Stable	Affirmed
Bank guarantee^	-	INR750	IND AAA/Stable	Affirmed
Commercial paper*	23 September 2024	INR2,750	WD	Withdrawn

^can be provided for one-to-two years

*Ind-Ra has withdrawn the rating of the commercial paper (CP) as the company has redeemed CP in full. The withdrawal is on the basis of the request received from the issuer and is consistent with Ind-Ra's Policy on Withdrawal of Ratings.

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

#Undrawn portion of rupee term loan INR4,751.5 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

Sincerely,

India Ratings



Vishal Kotecha
Director

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Term loan	Axis Bank Limited	IND AAA/Stable	471.98
Term loan	ICICI Bank	IND AAA/Stable	4775.00
Term loan	State Bank of India	IND AAA/Stable	2362.05
Term loan	ICICI Bank	IND AAA/Stable	2945.25
Term loan	Axis Bank Limited	IND AAA/Stable	3471.14
Term loan	State Bank of India	IND AAA/Stable	4387.47
Term loan	India Infrastructure Finance Company Limited	IND AAA/Stable	6824.95
Bank Guarantee	ICICI Bank	IND AAA/Stable	750.00
Proposed Term loan	NA	IND AAA/Stable	33000.00

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
Non-convertible debentures	INE0KXY07018	23/09/2022	7.71*	22/12/2025	IND AAA/Stable	3910
Non-convertible debentures	INE0KXY07026	23/09/2022	8.25	22/09/2029	IND AAA/Stable	2443.75
Non-convertible debentures	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

V

India Ratings Rates Highways Infrastructure Trust's Additional Rupee Term Loans and Affirms NCDs at 'IND AAA'/Stable; Withdraws CP Rating

Jan 17, 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 Description	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Proposed rupee term loan	-	-	-	INR33,000	IND AAA/Stable	Assigned
Rupee term loan#	-	-	30 June 2040	INR25,237.84 (reduced from INR26,800)	IND AAA/Stable	Affirmed
Proposed non-convertible debentures**	-	-	-	INR2,200	Provisional IND AAA/Stable	Affirmed
Non-convertible debentures	-	-	-	INR11,353.75 (reduced from INR11,418)	IND AAA/Stable	Affirmed
Bank guarantee^	-	-	-	INR750	IND AAA/Stable	Affirmed
Commercial paper*	-	-	23 September 2024	INR2,750	WD	Withdrawn

^can be provided for one-to-two years

*Ind-Ra has withdrawn the rating of the commercial paper (CP) as the company has redeemed CP in full. The withdrawal is on the basis of the request received from the issuer and is consistent with Ind-Ra's Policy on Withdrawal of Ratings.

** The rating is provisional and is contingent upon 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 Exchange Board of India's (SEBI) Master Circular dated 6 July 2023.

#Undrawn portion of rupee term loan INR4,751.5 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](#)). The InvIT as of 31 December 2024 had a pool of operating assets comprising eight toll, two annuity and three HAM SPVs.

One HAM asset for which the definitive agreement was signed in June 2024 is likely to be acquired in FY25 using the undrawn portion of rupee term loan of INR4,751.5 million. Furthermore, HIT was successfully awarded toll-operate-transfer concession rights (TOT16) in the state of Telangana awarded by National Highways Authority of India (debt rated at '[IND AAA'/Stable](#)) and 12 SPVs of PNC Infratech Limited and PNC Infra Holdings Limited (together PNC). The concession fee for TOT16 of INR66,610 million and the enterprise value of PNC assets of INR90,060 million (as per share purchase agreement dated January 2024, may be lower based on the date of acquisition) are to be funded by a mix of debt and preferential issue of units. The debt proposed is capped at INR43,000 million and INR54,000 million for TOT16 and PNC acquisition, respectively. The net debt/enterprise value post proposed additions is expected to increase to 50%-55% (1HFY24: 35%). HIT is raising INR55,013 million from its unitholders through private placements to fund the TOT16 asset additions. North Telangana Expressway Private Limited (NTEPL) is the SPV setup by HIT to undertake the TOT16 concession.

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: 13 (toll: eight, annuity: two, HAM: three), proposed: 14 (toll: one, HAM: 12, TOT: one)). The surplus cash in the project assets will entirely be up streamed to the InvIT in the form of dividends, will be used for interest payments and repayment of the loans provided by the InvIT to the SPVs, will be used for the return of capital through capital reduction 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 non-convertible debentures (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 rupee term loans 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 13 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 TOT asset and PNC toll assets are located in the state of Telangana and Uttar Pradesh, respectively, 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 74%) in the InvIT as on date. The Ontario Teachers’ Pension Plan is another major unitholder, owning around 20%, 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 (JEPL), 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 GIRCL 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 GIRCL. 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 November 2024. 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 18 months.

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 and UTPL, 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 proposed asset addition TOT16 has toll rate revision linked to fixed 3% and 40% of WPI.

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 December 2024, the three HAM assets Ateli Narnaul Highway Private Limited (AN), Gurgaon Sohna Highway Private Limited (GS), Rewari Ateli Highway Private Limited (RA) received five (AN, GS) and six annuities (RA). The annuity assets Nirmal BOT Private Limited (NBL) and Shillong Expressway Private Limited (SEPL) received 30 and 23 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 INR41,250 million sanctioned in the form of RTL, NCDs and commercial papers (CPs). As of December 2024, INR20,846 million of RTL, about INR11,353.8 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 INR4,751.5 million of rupee term loan is yet to be drawn and it is proposed to be partly utilised for the acquisition of Rewari Bypass.

The rupee term loan 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 refinancing risk of the project, due to the presence of bullet payments in December 2025, January 2027 and September 2029, 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 and FY29) is more than 1.6x, as per Ind-Ra's base case considering the proposed debt for TOT16 and PNC assets.

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 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 to be availed by the InvIT have been linked to a certain percentage of EBITDA and enterprise value of each kind of project. The proposed RTL has a loan tenor of 17 years, leaving a tail period of three years. It will be 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 proposed debt has 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. 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.

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 March 2025. 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 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 assets to be added have NHAI as counterparty for TOT16 and 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 December 2024, the InvIT had maintained a DSRA of INR857.87 million and a cash surplus of INR4,785.7 million at SPVs. In addition, HIT maintains an MMR of INR1,166 million, by lien marking undisbursed lines of RTL towards MM expense to be undertaken in BETPL and NUTPL.

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 while Assigning the Provisional 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.

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 (EBIDTA/Interest) (X)	2.55	1.77
Gross Debt / EBIDTA (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								
				8 February 2024	5 January 2024	27 December 2023	21 November 2023	20 October 2023	29 August 2023	2 May 2023	22 September 2022	11 March 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	-	-
Commercial paper	Short-term	INR2,750	WD	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	-	-	-	-
Non-convertible debenture	Long-term	INR13,553.75	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	Provisional IND AAA/Stable
Rupee Term loan	Long-term	INR58,237.84	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	Provisional IND AAA/Stable

Bank wise Facilities Details

The details are as reported by the issuer as on (17 Jan 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Axis Bank Limited	Term loan	471.98	IND AAA/Stable
2	ICICI Bank	Term loan	4775	IND AAA/Stable
3	State Bank of India	Term loan	2362.05	IND AAA/Stable
4	ICICI Bank	Term loan	2945.25	IND AAA/Stable
5	Axis Bank Limited	Term loan	3471.14	IND AAA/Stable
6	State Bank of India	Term loan	4387.47	IND AAA/Stable
7	India Infrastructure Finance Company Limited	Term loan	6824.95	IND AAA/Stable
8	ICICI Bank	Bank Guarantee	750	IND AAA/Stable
9	NA	Proposed Term loan	33000	IND AAA/Stable

Complexity Level of the Instruments

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

*The complexity indicator for above instruments is categorised as high due to the cashflow pooling structure in InvIT. For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity- indicators>.

Annexure

ISIN	Date of Issue	Coupon Rate (%)	Maturity date	Size of Issue (million)	Rating/Outlook
INE0KXY07018	23 September 2022	7.71*	22 December 2025	INR3,910	IND AAA/Stable
INE0KXY07026	23 September 2022	8.25	22 September 2029	INR2,443.75	IND AAA/Stable
INE0KXY07034	18 January 2024	8.34	18 January 2027	INR5,000	IND AAA/Stable
Total	-	-	-	INR11,353.75	-
Source: NSDL, India Bond Info					
*Effective coupon rate paid is 7.81% as per terms of NCDs					

Annexure I: 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^
BETL	Toll	NHAI	Karnataka	24.36	4/6	2006

*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 II: Details of the SPVs to be acquired:

SPVs	Project Type	Counterparty	State	Length (km)	Lane	PCOD
RB	HAM	NHAI	Haryana	14.40	4	2023
TOT16	Toll	NHAI	Telangana			
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

List of entities consolidated:

Name of company	Type of consolidation	Rationale for consolidation
GEPL, DBCPL, JPEPL, UEPL, UTPL, NBL, SEPL, AN, RA, GS, BETL, RB, 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 ‘IND D’)

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APPLICABLE CRITERIA AND POLICIES

Rating Approach for Consolidation of Cash Flow of Infra Projects

Rating Criteria for Availability-Based Projects

Evaluating Corporate Governance

Short-Term Ratings Criteria for Non-Financial Corporates

Rating Criteria for Infrastructure and Project Finance

Policy on Provisional Ratings

The Rating Process

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