Crisil Ratings

Rating Rationale

November 20, 2023 | Mumbai

Mahua Bharatpur Expressways Limited

Rating Reaffirmed

Rating Action

Rs.140 Crore (Reduced from Rs.154 Crore) Non Convertible Debentures	**CRISIL AAA/Stable (Reaffirmed)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL AAA/Stable' rating on the non-convertible debentures (NCDs) of Mahua Bharatpur Expressways Ltd (MBEL, a part of the Cube Highways Trust (CHT), rated 'CRISIL AAA/Stable/CRISIL A1+'). MBEL has been acquired by CHT in April 2023. CRISIL Ratings has also **withdrawn** its rating on the NCDs of Rs 14 crore (see Annexure - 'Details of Rating Withdrawn') upon request from the company and confirmation from the debenture trustee that these have been fully redeemed. The withdrawal is in line with CRISIL Ratings' policy.

CHT is an infrastructure investment trust (InvIT) of road sector assets sponsored by Cube Highways and Infrastructure Pte Ltd (CHI; 'CRISIL AA/Stable') and Cube Highways and Infrastructure III Pte Ltd (CH III; 'CRISIL AA/Stable'). The InvIT has investments by funds, vehicles and/or entities managed and/or advised by Cube Highways and/or its affiliates (collectively Cube), with Cube Highways Fund Advisors Pvt Ltd (CHFAPL) as its investment manager, Cube Highways and Transportation and Assets Advisors Pvt. Ltd (CHTAAPL) as the project manager and Axis Trustee Services Ltd as the trustee.

CHT's rating continues to reflect the strong and diversified portfolio of assets[1] in the trust. The portfolio has healthy revenue visibility, supported by operational track record of 7-14 years (barring assets belonging to the toll-operate-transfer bundle 3 [TOT 3]) as well as strong counterparty with 17 toll and one annuity concession from National Highways Authority of India (NHAI; 'CRISIL AAA/Stable'). The geographically diversified portfolio and strategically located stretches strengthen the credit risk profile of CHT. These, along with adequate leverage, result in strong debt protection metrics. As a large part of debt is at the trust level, debt servicing ability will be strengthened by pooling of cash flow from all the projects. As per the terms, debt is expected to be capped at 49% of the valuation of the trust. Additionally, debt terms stipulate maintenance of a three-month debt service reserve account (DSRA), three-month major maintenance reserve account (MMRA), and cash trap if debt service coverage ratio (DSCR) falls below 1.25 times for trailing 12 months or if debt exceeds 49% of the trust enterprise value. This will cushion liquidity. The rating also derives strength from the experience of Cube in managing and maintaining road assets.

In addition to being part of CHT, the standalone credit risk profile of the SPV is further bolstered by the strong toll collection track record (10-year CAGR of 8%) and comfortable DSCR of around 2.4 times in fiscal 2023, tight escrow mechanism with a well-defined payment waterfall, creation of debt service reserve account (DSRA, Rs 20.57 crore in cash) covering 9 months of debt servicing obligations, creation of major maintenance reserve account (MMRA), and presence of restricted payment conditions – DSCR is to checked on a quarterly basis for the trailing four quarters and if it falls below 1.5 times, then entire surplus will be trapped in the cash retention account.

These strengths are partially offset by susceptibility of toll revenue to volatility in traffic volume and development or improvement of alternate routes or alternate modes of transportation that could impact revenue and, in turn, DSCR. The DSCR will also remain susceptible to volatility in operations and maintenance (O&M) costs and interest rates. Nevertheless, the coverage indicators are likely to remain adequate in stress case scenarios as well.

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[1]*The trust has an initial portfolio of 18 assets (17 NHAI toll and one NHAI annuity). It has a right of first offer (ROFO) to acquire seven additional assets (six NHAI hybrid annuity model [HAM] and one Andhra Pradesh Road Development Corporation & Telangana State Road Development Corporation [APRDC & TSRDC] toll.*

Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of CHT and its underlying SPVs, in line with its criteria for rating entities in homogeneous groups. Hence, the rating of MBEL is based on that of the trust. This is because the trust has direct control over the SPVs and has infused funds in them (in the form of loans [InvIT loan]) to repay debt [excluding SPV-level debt for MBEL and APEL which shall continue]. Furthermore, the SPVs will distribute their entire surplus cash flow to the InvIT in the form of interest and repayment (on InvIT loan) and dividend, leading to highly fungible cash flow. Also, as per the financing terms, the cap on borrowings has been defined at a consolidated level; aggregate consolidated borrowing for the InvIT and its SPVs is restricted at 49% of the valuation.

Shareholder loans of Rs 85.8 crore (as on September 30, 2023) have been treated as neither debt nor equity, as these are subordinate to the external debt, do not have any scheduled interest payment and principal repayment dates and can only paid post meeting the restricted payment conditions.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Geographically diversified portfolio with adequate track record and strong counterparty: The portfolio comprises 18 projects and benefits from asset and geographical diversification. Additionally, all these projects have a strong counterparty, NHAI. The toll road projects have a long tolling track record of 7-14 years (except for nine assets belonging to TOT 3, which started tolling by private party from October 2020), while the annuity project has received 28 semi-annual annuities without any material deduction. CHT derives 95.4% of its revenue from 17 toll projects, and the remaining from one annuity project.

All the assets are important routes connecting arterial cities, with most stretches being the shortest ones between these destinations, running through 10 states and Delhi, which together contribute 55-60% to India’s total gross state domestic product (GSDP). The portfolio has a good mix of commercial (45%) and passenger (55%) traffic at a consolidated level; commercial traffic contributed 73% to the total toll collection of the InvIT in fiscal 2023. While a few stretches have alternate routes, the risk is mitigated by their long tolling track record with the diversion risks already factored in the current collection numbers. CRISIL Ratings has adequately sensitised toll collections for risks emanating from foreseeable development of alternate routes or modes of transport.

Only two projects have balance concession life of less than five years, while the remaining 16 assets have 8-27 years. This provides long-term revenue visibility. The trust will have a right of first offer (ROFO) for seven assets in the portfolio in tranche II. Additionally, the trust may continue to look for new opportunities for adding assets and further diversifying the portfolio over the medium term.

Of the 17 toll projects, 13 have an annual toll rate escalation with a fixed increase of 3% and a variable portion equal to only 40% change in wholesale price index (WPI), limiting dependence on WPI and supporting revenue. Four projects are linked directly to the WPI.

The portfolio remained largely resilient during the pandemic. In fiscal 2021, traffic declined significantly for only two of the 17 projects and all others saw flat growth. The two projects that reported significant decline in traffic in fiscal 2021, Walayar Vadakkencherry Expressways Pvt Ltd (WVEPL; ‘CRISIL AAA/Stable’) and Western UP Tollway Pvt Ltd (WUPTPL), reported healthy rebound in traffic performance in fiscal 2022 and saw toll revenue increase on-year by 46.0% and 42.2%, respectively, in fiscal 2023, driven by higher traffic and increased toll rates, due to high WPI. Another project, Nelamangala Devihalli Expressway Pvt. Ltd (NDEPL), which had reported some decline in fiscal 2021, has performed well since fiscal 2022, with 25.2% on-year increase in toll revenue in fiscal 2023.

In fiscal 2022, only one stretch saw a material decline, while all others reported moderate to healthy traffic growth. Farakka Raiganj Highways Ltd (FRHL) reported traffic de-growth as extended rainfall led to delays in mining activity. This stretch reported an 10.4% increase in toll revenue in fiscal 2023.

In fiscal 2023 and H1 of fiscal 2024, only one stretch, Lucknow Raebareli Tollway Ltd (LRTL, contributes 2.8% to the overall toll collection of the InvIT) reported decline of around 5% in toll collection while all other stretches reported healthy growth supported by significant increase in toll rates and traffic. Toll collection declined in LRTL due to diversion of traffic (majorly long-route commercial) to the alternate routes (Lucknow-Varanasi section, Varanasi Outer Ring Road and Purvanchal Expressway). Overall toll collection of the portfolio grew 24% and 12% in fiscal 2023 and H1 of fiscal 2024 respectively on a yoy basis.

Strong debt protection metrics, with provision for cash sweep and creation of DSRA and MMRA

The financial risk profile is expected to be healthy, supported by comfortable DSCR through the tenure of the debt given healthy toll collection and moderate leverage, even though debt has increased to ~Rs. 10,731 crore as on October 31, 2023 from Rs 9,850 crore as on May 15, 2023, following the raise of additional debt of Rs. 1030 crore in June 2023 as planned. The additional debt has been utilised for refinancing external debt of GAEPL (Rs 695 crore as on April 17, 2023), repayment of promoter debt and for capital expenditure (capex) in GAEPL. Even with the increase in debt, DSCR remains comfortable. As a large part of the debt is at the trust level and debt servicing is supported by cash flow pooling of all projects under the InvIT structure.

The debt terms also require adequate liquidity cushion in the form of three months each of DSRA and MMRA. The DSRA for the next three months has been created. The MMRA is not created at Invit level yet; MMRA is being maintained in APEL (Rs 56 crore as on May 16, 2023) and MBEL (Rs 65 crore as on Sep 30, 2023) in accordance with their financing agreements.

A cash trap is stipulated if DSCR falls below 1.25 times or debt exceeds 49% of the trust value. Any transfer to the distribution account will be made only after meeting the debt obligation and DSRA and MMRA requirement and testing of the financial covenants and meeting restricted payment conditions.

As per the InvIT guidelines, debt must not exceed 49% of the asset value (until six consecutive dividend distributions). The initial portfolio is estimated to have leverage comfortably below 49%.

In addition to being part of CHT, the standalone credit risk profile of the SPV is further bolstered by the strong toll collection track record (10-year CAGR of 8%) and comfortable DSCR of around 2.4 times, tight escrow mechanism with a well-defined payment waterfall, creation of debt service reserve account (DSRA, Rs 20.57 crore in cash) covering 9 months of debt servicing obligations, creation of major maintenance reserve account (MMRA), and presence of restricted payment conditions – DSCR is to checked on a quarterly basis for the trailing four quarters and if it falls below 1.5 times, then entire surplus will be trapped in the cash retention account.

Experienced management team
CHT will benefit from the strong asset management ability of Cube, which has extensive experience in the infrastructure space, including in India. Cube started its India operations in fiscal 2015 and acquired five assets till 2018, with the remaining 15 acquired/awarded between fiscals 2020 and 2023. 18 of these have been transferred to CHT. Cube had acquired six HAM assets in 2021 and 2022. In 2023, Cube has also acquired one BOT-Toll asset and has recently been awarded a TOT asset by NHAI. Cube has a well-equipped team of professionals to manage roads and maintenance activities. Cube manages 27 road assets over 9,100 lane kilometre (km) in India.

Weaknesses:
Susceptibility of toll revenue to volatility in traffic or development/improvement of alternate routes
Toll collection is susceptible to volatility because of toll leakages, competing routes, lack of timely increase in toll rates, fluctuations in WPI-linked inflation, seasonal variations in vehicular traffic and economic downturns. For instance, traffic and toll collection was affected by government policies such as demonetisation in fiscal 2017 and the nationwide lockdown in fiscal 2021 to curb the spread of Covid-19.

While the stretches of CHT do not face any substantial threat from alternate routes as of now, improvement or development of such routes may affect traffic and diversion and will be a key rating sensitivity factor.

Susceptibility to volatility in O&M and major maintenance costs and interest rates
The trust is exposed to risks related to maintenance of projects in the underlying SPVs as per the specifications and within the budgeted costs. Any significant dip in toll collection or unplanned maintenance activity could result in cash flow shortfall during years of such maintenance and will remain a rating sensitivity factor.

The term debt has a floating interest rate, with a three-month reset linked to the benchmark. This exposes the trust to volatility in interest rate. Although the cushion in the cash flow will help partially absorb the impact of such fluctuations, this remains a rating sensitivity factor.

Liquidity: Superior
Toll collection and annuity receipts will be adequate to meet operational expenses and debt obligation of Rs 1,200-1,240 crore through fiscals 2026. Furthermore, DSRA equivalent to three months of interest and principal obligations and MMRA equivalent to three months of expenses will cushion liquidity. Liquidity will also be supported by the cash trap provision if DSCR falls below 1.25 times for trailing 12 months or if debt exceeds 49% of the trust value.

Outlook: Stable
CRISIL Ratings believes CHT will continue to generate healthy toll revenue over the medium term, backed by good traffic potential on the project stretches.

Rating Sensitivity Factors
Downward Factors

- Lower-than-expected toll revenue by more than 10% on a sustained basis or higher-than-expected maintenance cost affecting DSCR
- Higher-than-expected incremental borrowings
- Non-adherence to the structural features of the proposed transaction
- Non-maintenance of adequate liquidity reserve in the form of three-month DSRA and MMRA
- Acquisition of weak assets with large debt and low revenue potential impacting overall DSCR

About the CHT

CHT is registered as an irrevocable trust under Indian Trust Act, 1882, and as an InvIT under the Securities and Exchange Board of India (SEBI) InvIT Regulations, 2014, since April 22, 2022, and got listed on the BSE and the NSE in April 2023. CHT is sponsored by CH I and CH III, which is invested in by Cube and has acquired an initial portfolio of 18 operational projects with 17 toll and one annuity road.

Cube is a Singapore-based company that invests in roads and highway projects and other select infrastructure sectors in India. It is an independent, professionally managed platform that leverages the extensive transportation experience of its management and execution advisory teams; its shareholders are leading international investors, including I Squared Capital, Abu Dhabi Investment Authority and a consortium of Japanese investors (Japanese Highways International), which include Mitsubishi Corporation, Japan Overseas Infrastructure Investment Corporation for Transport and Urban Development, East Nippon Expressway Company Ltd and Japan Expressway Company International Ltd. BCI and Mubadala have become the new anchor investors in CHT post its listing.

The broad details of the assets that are held by CHT are as follows:

Andhra Pradesh Expressway Ltd
The project operates a 75-km stretch between Kurnool and Kothakota on National Highway (NH) 44 (erstwhile NH 7) in Andhra Pradesh and Telangana under build-operate-transfer (BOT) annuity mode. The project has received 29 semi-annual annuities on time without any material deduction, so far.

Western UP Tollway Ltd
The project is a 78-km four-lane operational toll road on NH 334 (erstwhile NH 58) connecting Meerut and Muzaffarnagar in Uttar Pradesh on a BOT toll basis. It has been operational since April 2011 with more than 12 years of tolling history. The project stretch operates under a 20-year concession awarded by NHAI in 2005 for strengthening and widening of the two-lane road to a four-lane divided carriageway and has remaining concession life of close to three years. Traffic rose a compound annual growth rate (CAGR) of 5.7% between fiscals 2016 and 2022. The project reported 45% and 15% increase in toll revenue on-year in fiscal 2023 and H1 of fiscal 2024 respectively. It has no alternate routes.

Jaipur-Mahua Tollway Ltd
The 109-km stretch is on the Jaipur Agra NH 21 (erstwhile NH 11) in Rajasthan under the BOT toll with a 25-year concession, awarded by NHAI, after competitive bidding in 2005 for widening of the two-lane road to a four-lane divided carriageway on a BOT toll basis. The project has been collecting toll since May 2009 and has remaining concession life of around eight years. Traffic registered a CAGR of 5.7% between fiscals 2016 and 2022. The project reported 20% and 21% increase in toll revenue in fiscal 2023 and H1 of fiscal 2024 respectively and has no alternate routes.

Mahua-Bharatpur Expressways Ltd
The project is a 57-km stretch on the Jaipur Agra NH 21 (erstwhile NH 11) in Rajasthan under the BOT toll, linking Mahua to Bharatpur. Along with Jaipur-Mahua, it operates as a contiguous stretch of 166 km connecting two growing urban centres, Jaipur and Agra, on NH 11.

The project is a 25-year concession awarded by NHAI after competitive bidding in 2005 for widening of the two-lane road to a four-lane divided carriageway on a BOT toll basis. The project has been collecting toll since May 2009, with remaining concession life of around eight years. Traffic registered a CAGR of 7.7% between fiscals 2016 and 2022. The project reported 23% and 10% increase in toll revenue in fiscal 2023 and H1 of fiscal 2024 respectively and has no alternate routes.

Farakka Raiganj Highways Ltd
The project is a 100-km four-lane toll road connecting Farakka and Raiganj in West Bengal. It is a 30-year toll concession awarded by NHAI after competitive bidding in 2010 for widening of a two-lane highway to a four-lane configuration on a BOT toll basis. The project has been collecting toll since October 2016, with remaining concession life of close to 18 years. There are two alternate routes, but they do not pose any threat. Traffic registered a CAGR of 7.6% between fiscals 2018 and 2022. The project reported 11% and 5% increase in toll revenue in fiscal 2023 and H1 of fiscal 2024 respectively.

Walayar Vadakkencherry Expressways Pvt Ltd
The project is a 53.5-km four-lane toll road connecting Walayar on the border of Tamil Nadu and Kerala. After competitive bidding in 2012, the project was awarded by NHAI as a 20-year concession for strengthening and widening a two-lane highway to a four-lane configuration on a toll basis. The project has been collecting toll since May 2015, with remaining concession life of close to 10 years. Traffic registered a CAGR of 15.4% between fiscals 2016 and 2022. The project reported 47% amd 14% increase in toll revenue in fiscal 2023 and H1 of fiscal 2024 respectively and has no alternate routes.

DA Toll Road Pvt Ltd
The project is a 179.5-km six-lane toll road connecting Delhi with Agra on NH 2. It is a 26-year toll concession granted in 2010 for strengthening and widening the four-lane highway to a six-lane configuration. The project has been collecting toll since October 2012 and has remaining concession life of close to 15 years. The project received provisional commercial operation date on May 19, 2022.

Traffic registered a CAGR of 15.9% between fiscals 2016 and 2022. The project reported 33% and 12% increase in toll revenue in fiscal 2023 and H1 of fiscal 2024 respectively. There are three alternate routes to the project road — two do not pose any threat, but the Yamuna Expressway, provides a cheaper alternative to users.

Nelamangala Devihalli Expressway Pvt Ltd
The project is an 80-km four-lane toll road connecting Nelamangala and Devihalli in Karnataka. It was awarded by NHAI as a 25-year concession for strengthening and widening a two-lane highway to a four-lane configuration on a BOT toll basis. The project has been collecting toll since June 2012, with remaining concession life of close to 10 years. Traffic registered a CAGR of 5.7% between fiscals 2016 and 2022. The project reported 27% and 13% increase in toll revenue in fiscal 2023 and H1 of fiscal 2024 respectively. It has no alternate routes.

Hazaribagh Tollway Ltd
The project is a 73.8-km four-lane toll road connecting Hazaribagh to Ranchi in Jharkhand. It was awarded by NHAI as a 30-year concession as part of TOT 3 after competitive bidding in November 2019. While traffic declined 3.9% in 2022, toll revenue increased 16% on-year in fiscal 2023 and H1 of fiscal 2024 respectively. There is an alternate two-lane route, which is in poor condition, and its expected strengthening in fiscal 2027 may lead to diversion in traffic.

Jhansi Lalitpur Tollway Ltd
The project is a 49.7-km four-lane toll road in Uttar Pradesh. The road forms the first part of two contiguous stretches connecting Jhansi to Lalitpur. The project was awarded by NHAI as a 30-year concession as part of the TOT 3 bundle after competitive bidding in November 2019. Traffic increased 33.9% in 2022, and toll revenue rose 22% and 9% in fiscal 2023 and H1 of fiscal 2024 respectively. There are no alternate routes to the project road. Delhi-Mumbai Expressway (expected to become operational in fiscal 2025) may act as a feeder route for the stretch.

Jhansi Vigakhet Tollway Ltd
The project is a 49.3-km four-lane toll road in Uttar Pradesh. The road forms the second part of two contiguous stretches connecting Jhansi to Lalitpur. The project was awarded by NHAI as a 30-year concession as part of the TOT 3 bundle after competitive bidding in November 2019. Traffic rose 33.4% in 2022, and toll revenue increased 22% and 8% in fiscal 2023 and H1 of fiscal 2024 respectively. There are no alternate routes to the project road. Delhi-Mumbai Expressway (expected to become operational in 2025) may act as a feeder route for the stretch.

Kotwa-Muzaffarpur Tollway Ltd
The project is an 80.0-km four-lane toll road connecting Kotwa to Muzaffarpur in Bihar. The project was awarded by NHAI as a 30-year concession as part of the TOT 3 bundle after competitive bidding in November 2019. Traffic declined 4.4% in 2022 because of reduced commercial traffic. However, toll revenue rose 13% and 7% in fiscal 2023 and H1 of fiscal 2024 respectively. There is a shorter alternate route (state highway 74), but it passes through a congested network and is unlikely to impact traffic on the project stretch. Strengthening of another alternate route (expected in fiscal 2030) may lead to diversion.

Lucknow Raebareli Tollway Ltd
The project is a 70.0-km four-lane toll road connecting Lucknow to Raebareli in Uttar Pradesh. The project was awarded by NHAI as a 30-year concession as part of the TOT 3 bundle after competitive bidding in November 2019. Traffic rose 17.5% in 2022. However, toll revenue fell 5% in fiscal 2023 and H1 of fiscal 2024 respectively due to diversion of traffic (majorly long-route commercial) to the alternate routes (Lucknow-Varanasi section, Varanasi Outer Ring Road and Purvanchal Expressway).

Madurai Kanyakumari Tollway Ltd
The project is a 52.3-km four-lane toll road in Tamil Nadu. The road forms the first part of four contiguous stretches connecting Madurai to Kanyakumari. The project was awarded by NHAI as a 30-year concession as part of the TOT 3 bundle after competitive bidding in November 2019. Traffic rose only 0.9% in 2022 because of lower passenger traffic. Toll revenue increased 31% and 13% in fiscal 2023 and H1 of fiscal 2024 respectively. There are alternate routes for Kerala and Thoothukudi port-bound traffic, and possible diversion has already happened.

Kanyakumari Etturavattam Tollway Ltd
The project is a 64.2-km four-lane toll road in Tamil Nadu. The road forms the second part of four contiguous stretches connecting Madurai to Kanyakumari. The project was awarded by NHAI as a 30-year concession as part of the TOT 3 bundle after competitive bidding in November 2019. Traffic rose just 0.8% in 2022 because of lower passenger traffic. Toll revenue increased 28% and 17% in fiscal 2023 and H1 of fiscal 2024 respectively. There are alternate routes for Kerala and Thoothukudi port-bound traffic, and possible diversion has already happened.

Salaipudur Madurai Tollway Ltd
The project is a 63.5-km four-lane toll road in Tamil Nadu. The road forms the third part of four contiguous stretches connecting Madurai to Kanyakumari. The project was awarded by NHAI as a 30-year concession as part of the TOT 3 bundle after competitive bidding in November 2019. Traffic registered de-growth of 0.8% in 2022 because of lower passenger traffic. However, toll revenue rose 32% and 15% in fiscal 2023 and H1 of fiscal 2024 respectively. There are alternate routes for Kerala and Thoothukudi port-bound traffic, and possible diversion has already happened.

Nanguneri Kanyakumari Tollway Ltd
The project is a 63.5-km four-lane toll road in Tamil Nadu. The road forms the fourth part of four contiguous stretches connecting Madurai to Kanyakumari. The project was awarded by NHAI as a 30-year concession as part of the TOT 3 bundle after competitive bidding in November 2019. Traffic reduced 0.3% in 2022 because of lower passenger traffic. However, toll revenue increased 35% and 11% in fiscal 2023 and H1 of fiscal 2024 respectively. There are alternate routes for Kerala and Thoothukudi port-bound traffic, and possible diversion has already happened.

Ghaziabad Aligarh Expressway Pvt Ltd
The project is a 125-km four-lane toll road connecting Ghaziabad to the Aligarh section of NH-91 in Uttar Pradesh. It is a 24-year toll concession awarded by NHAI after competitive bidding in 2010 for widening of a two-lane highway to a four-lane configuration on a BOT toll basis. The project has been collecting toll since fiscal 2016, with remaining concession life of close to 16 years. Cube is undertaking six-laning of the project highway as stipulated in the concession agreement (CA), with work starting in June 2022. Of the budgeted cost of Rs 1,000 crore, ~Rs 800 crore was spent as on September 30, 2023. The upgrade is expected to be completed by November 2023 (including extension) as per CA.

There are three alternate routes, and possible diversion has already happened with no further threat. Traffic registered CAGR of 4.04% between fiscals 2016 and 2022. The project reported 13% increase in toll revenue in fiscal 2023 and H1 of fiscal 2024.

Key Financial Indicators

Particulars	Unit	2023	2022
Revenue	Rs crore	NA	NA
Profit After Tax (PAT)	Rs crore	NA	NA
PAT Margin	%	NA	NA
Adjusted debt/adjusted networth	Times	NA	NA
Adjusted interest coverage	Times	NA	NA

**Financial indicators not meaningful, as CHT was incorporated in April 2022 and assets acquired in April 2023*

Any other information:
Key covenants of the debt

Financial covenants	• Annual minimum DSCR of 1.25 times, to be tested annually; any breach for trailing 12 months will lead to cash trap • Debt-to-enterprise value < 49%
Cash trap	On occurrence of the following events, restricted payment conditions shall apply: • Debt/EV > 49% during the loan tenure • Credit rating falling below 'AA' by any credit rating agency • DSCR of trailing 12 months below 1.25 times

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating outstanding with outlook
INE835H07088	Non-convertible debentures	16-Oct-2017	8.4%	03-Oct-2024	15.0	Simple	CRISIL AAA/Stable
INE835H07096	Non-convertible debentures	16-Oct-2017	8.4%	03-Oct-2025	20.0	Simple	CRISIL AAA/Stable
INE835H07104	Non-convertible debentures	16-Oct-2017	8.4%	05-Oct-2026	21.0	Simple	CRISIL AAA/Stable

INE835H07112	Non-convertible debentures	16-Oct-2017	8.4%	04-Oct-2027	22.0	Simple	CRISIL AAA/Stable
INE835H07120	Non-convertible debentures	16-Oct-2017	8.4%	03-Oct-2028	25.0	Simple	CRISIL AAA/Stable
INE835H07138	Non-convertible debentures	16-Oct-2017	8.4%	03-Oct-2029	25.0	Simple	CRISIL AAA/Stable
INE835H07146	Non-convertible debentures	16-Oct-2017	8.4%	29-Mar-2030	12.0	Simple	CRISIL AAA/Stable

Annexure - Details of Rating Withdrawn

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating outstanding with outlook
INE835H07070	Non-convertible debentures	16-Oct-2017	8.4%	03-Oct-2023	14.0	Simple	Withdrawn

Annexure - List of Entities Consolidated

S.No	Name of company	Type of consolidation	Rationale for consolidation
1	Andhra Pradesh Expressway Ltd	Full consolidation	100% subsidiaries
2	Western UP Tollway Ltd	Full consolidation	
3	Jaipur-Mahua Tollway Ltd	Full consolidation	
4	Mahua-Bharatpur Expressways Ltd*	Full consolidation	
5	Farakka Raiganj Highways Ltd	Full consolidation	
6	Walayar Vadakkencherry Expressways Pvt Ltd	Full consolidation	
7	DA Toll Road Pvt Ltd	Full consolidation	
8	Nelamangala Devihalli Expressway Pvt Ltd	Full consolidation	
9	Hazaribagh Tollway Ltd	Full consolidation	
10	Jhansi Lalitpur Tollway Ltd	Full consolidation	
11	Jhansi Vigakhet Tollway Ltd	Full consolidation	
12	Kotwa-Muzaffarpur Tollway Ltd	Full consolidation	
13	Lucknow Raebareli Tollway Ltd	Full consolidation	
14	Madurai Kanyakumari Tollway Ltd	Full consolidation	
15	Kanyakumari Etturavattam Tollway Ltd	Full consolidation	
16	Salaipudur Madurai Tollway Ltd	Full consolidation	
17	Nanguneri Kanyakumari Tollway Ltd	Full consolidation	
18	Ghaziabad Aligarh Expressway Pvt Ltd	Full consolidation	

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	140.0	CRISIL AAA/Stable		--	24-11-22	CRISIL AAA/Stable	29-11-21	CRISIL AAA/Stable	03-11-20	CRISIL AAA/Stable	CRISIL AAA/Stable
			--		--		--		--	29-05-20	CRISIL AAA/Stable	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
[The Infrastructure Sector Its Unique Rating Drivers]()
[CRISILs rating criteria for REITs and InVITs]()
[Rating Criteria for Toll Road Projects]()

Criteria for rating entities belonging to homogenous groups

Media Relations	Analytical Contacts	Customer Service Helpdesk
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