

## Capital Infra Trust

November 14, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Issuer rating	0.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed the issuer rating of CARE AAA; Stable to Capital Infra Trust (CIT), an Infrastructure Investment Trust (InvIT) sponsored by Gawar Construction Limited (GCL; rated 'CARE AA; Stable/CARE A1+'). CIT houses operational hybrid annuity model (HAM) road assets with National Highways Authority of India (NHAI; rated 'CARE AAA; Stable') as the counterparty. The portfolio has a stable operational history demonstrated by receipt of at least two annuity payments for assets from NHAI.

In FY25 (FY refers to April 01 to March 31), CIT acquired nine operational HAM road special purpose vehicles (SPVs), and as on October 08, 2025, it proposed to acquire three additional SPVs from GCL having adjusted enterprise value of ~₹2,590 crore. The transaction, subject to regulatory and corporate approvals, will be executed in tranches and is expected to close by end-FY26. Funding of ₹2,400 crore will be through a mix of debt and fresh equity, with the balance from internal accruals.

CIT's leverage has temporarily exceeded permitted threshold of 49% under InvIT regulations mainly due to reduction in interest annuities owing decline in bank rates. To rectify the position, CIT is in the process of issuing ₹345 crore worth of units on a preferential basis to Sponsor, GCL, with proceeds earmarked for prepayment of existing non-convertible debentures (NCDs). This is expected to reinstate CIT's net debt-to-enterprise value within threshold limits from ~53% as on June 30, 2025. Post preferential issuance, the net debt to enterprise value is anticipated to be within prescribed levels of regulatory and loan covenants. Going forward, there is a possibility of increasing leverage from future acquisitions, and hence impact of such acquisitions on debt coverage indicators is a key rating sensitivity. The management has also indicated that CIT portfolio will comprise NHAI HAM assets in short term.

The rating also suitably factors in creation of debt service reserve account (DSRA) for ensuing one-quarter debt servicing requirements prior to the due date support CIT's financial risk profile. Per financing terms, in case annual debt service coverage ratio (DSCR) falls below 1.15x, cash trap mechanism will be triggered thus providing cash flow cushion. The provision for put and call option exposes CIT to refinancing risk, which is expected to be partially mitigated by strong revenue visibility and long residual concession period.

The reaffirmed rating reflects CIT's strong and diversified portfolio of operational HAM road assets, each backed by a robust annuity payment track record and NHAI as a strong counterparty. This ensures a stable revenue profile with cash pooling benefits contributing to healthy debt protection metrics. The rating also factors in the predictability of cash flows, underpinned by fixed-price operations and maintenance (O&M) and major maintenance (MM) contracts with GCL, a reputed road construction and maintenance company.

However, the rating remains tempered by presence of put/call options, inherent O&M risks, exposure to interest rate fluctuations, and plausibility of increasing leverage for future acquisitions.

### Rating sensitivities: Factors likely to lead to rating actions

**Positive factors-** Not applicable

#### Negative factors

- Deterioration in credit profile of the counterparty- NHAI.
- Substantial delay and /or deduction in annuity receipts.
- Significant debt-funded acquisition of assets resulting in deterioration of overall DSCR below 1.5x.
- Non-compliance to debt covenants.
- Higher-than-envisaged O&M and MM expense leading to annual DSCR falling below 1.2x.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Analytical approach:** Consolidated

CIT's credit profile factors in the consolidated business and financial risk profiles of underlying assets in CIT. Debt at the CIT level is serviced from cash flows upstreamed from the underlying SPVs. DSCR testing for the restricted payment conditions is at the CIT level. Consolidated entities are provided in Annexure-6.

**Outlook:** Stable

The Stable outlook considers the expectation of stable cash flows from the underlying assets of CIT, supported by a strong counterparty and healthy debt coverage indicators.

**Detailed description of key rating drivers:**
**Key strengths**
**Stable cashflow and operational track record of underlying assets**

The portfolio comprises nine HAM assets spread across seven states, each with a minimum operational track record of two annuity payments. The balance concession period ranges from ~10-13 years, ensuring long-term cash flow visibility.

All assets have NHAI as the counterparty, significantly reducing counterparty risk. For seven of the nine projects, annuity, interest, and O&M payments have been received with minimal deductions with an average delay of less than 23-25 days. There is also a track record of annuities receipts for three HAM assets proposed to be acquired from GCL and two SPVs have applied for final completion certificate to NHAI. Continued timely and annuity receipts without material deductions will remain a key monitorable.

**Strong credit profile of counterparty**

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

**Comfortable leverage and strong debt coverage indicators**

The debt coverage indicators are strong, supported by a DSRA of one quarter's debt servicing requirement and a cash trap mechanism in case the DSCR in any year falls below 1.15x, which aids cash flow cushion. The structure also has put and call options, where for one issuance of the debt, there are annual put and call options from the date of allotment, and for the second issuance, put and call options are available after three years and annually thereafter. While the provision for put and call options exposes CIT to refinancing risk, it is expected to be mitigated by stable cash flow visibility from a strong counterparty and a longer residual concession period of ~10.7 years.

Per InvIT guidelines and the term sheet, consolidated net borrowing should be in compliance with Securities and Exchange Board of India (SEBI) regulations. As on June 30, 2025, leverage temporarily rose to ~54% due to decline in bank rates amid fixed price cost of debt. To address this, the trust is in the process of issuing ₹345 crore via a preferential issue to restore compliance within the permitted timeline per InvIT regulations by November 2025. Despite the increase, debt protection metrics remain robust, with a strong average and minimum DSCR over the debt tenor.

**Experienced and resourceful sponsor-cum-project manager**

CIT is backed by experienced management teams of GCL (Project Manager) and Gawar Investment Manager Private Limited (GIMPL, Investment Manager). GCL has vast experience in construction, operations, and management of road assets. GCL has a portfolio of 11 operational assets and 15 under-construction HAM assets, where there is a right of first offer (ROFO) with CIT. In FY25, GCL reported total operating income of ₹7,354 crore and gross cash accruals (GCA) of ₹1,981 crore. GCL has a strong net worth base of ₹6,157 crore as on March 31, 2025, with net zero debt levels, reflecting its resourcefulness.

**Impact of Goods and Service Tax**

With annuity payments brought under the Goods and Service Tax (GST) regime, operational HAM projects are eligible to receive a Change in Law (CIL) payment on annuities. While GST on interest annuities is being fully released by NHAI, GST on construction annuity and O&M annuity will be received per the approved CIL rate under the extant guidelines laid down by the authority. As of October 2025, the CIL rate has been approved in-principle by NHAI for five SPVs, while finalisation of the CIL rate for the balance two SPVs is under process. However, the SPVs have sufficient input tax credit (ITC) to discharge their GST obligations until clarity on CIL is received. CareEdge Ratings expects that the applicability of GST is credit neutral for CIT.

**Key weaknesses**

### O&M risk

CIT is exposed to the inherent O&M risk associated with road SPVs, accentuated by two assets acquired through harmonious substitution of a weak sponsor. The O&M and MM assumptions factored in the base case are based on technical due diligence reports and are comparable to other operational HAM projects. Riding quality is good or fair basis technical due diligence report. Barring a few, structure conditions have been reported as sound and satisfactory in the technical due diligence report, which also highlights several other observations and deficiencies. Cost for proposed ratification and treatment of these issues have been included in the base case business plan. While the stretches have not faced annuity deductions so far, yet CareEdge Ratings has sensitised CIT's cashflow with increased assumptions for maintenance and opines debt coverage indicators to be comfortable in the medium term. CareEdge Ratings also notes that technical due diligence is under process for proposed three assets to be acquired from GCL. Moreover, GCL is the O&M contractor for existing nine and proposed three projects for the balance concession period, which largely mitigates the O&M and MM risk. Any increase in O&M cost higher than stipulated in the agreement will be borne by GCL, resulting in stability in CIT's cash flow. The contract cannot be terminated by GCL for the initial five years, which provides additional strength.

In case of deductions in annuities, GCL's project management fees will be withheld to that extent for six months. GCL has strong execution and operational capabilities in developing and operating multiple HAM-based road projects. No major maintenance reserve (MMR) is proposed at the CIT level, and cash pooling at the CIT level is estimated to generate sufficient cash flows to incur the budgeted MM expense in the year when it falls due. Going forward, increase in O&M and MM cost beyond envisaged levels, impacting annual DSCR below 1.2x, is a key rating sensitivity.

### Inherent interest rate risk and event risk related to debt-funded acquisition

CIT is exposed to the inherent interest rate risk due to non-linear transmission of bank rate over lending rate. The possibility of higher leverage (after fulfilling the criteria of six continuous distributions and maintaining an external credit rating of AAA) may impact CIT's coverage indicators and remains key rating monitorable.

### Liquidity: Strong

The liquidity position of CIT is strong, marked by a fixed stream of revenue with benefits of cash pooling and DSRA maintained for one quarter of debt servicing till the tenor of the debt. The term loans will be amortised over 13 years (26 instalments). The cash trap mechanism at DSCR less than 1.15x is expected to aid liquidity in later years, where annual DSCR is moderate. The restricted payment covenant is at DSCR of 1.10x.

### Assumptions/Covenants

Not applicable

### Environment, social, and governance (ESG) risks

Not applicable

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Issuer Rating](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Hybrid Annuity Model based road projects](#)

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### About the company and industry

#### Industry classification

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

Established on September 25, 2023, CIT (erstwhile National Infrastructure Trust) is registered as an irrevocable trust under the Indian Trust Act, 1882, and as an InvIT under the SEBI Infrastructure Trust Regulations, 2014, since March 07, 2024 (updated

registration certificate issued by SEBI on October 16, 2024). In FY25, CIT acquired nine assets, and as on October 08, 2025, CIT intends to acquire 100% equity shares in three new SPVs from GCL, subject to all requisite approvals. CIT will be sponsored by GCL, with GIMPL as its investment manager and Axis Trusteeship Services Limited as the trustee. CIT was listed on NSE and BSE platform on January 17, 2025.

Brief Financials (₹ crore) - Consolidated	March 31, 2025 (A)#	Q1FY26 (UA)
Total operating income	404.83	298.85
PBILDT	388.16	297.75
PAT	-76.92	-78.14
Overall gearing (times)	1.04	NM
Interest coverage (times)	18.85	6.58

#The trust has been listed, and assets have been transferred in January 2025. Revenue has been recognised from the transfer of assets to InvIT in January 2025

A: Audited UA: Unaudited; NM: Not meaningful; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE AAA; Stable

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE AAA; Stable	1)CARE AAA; Stable (04-Apr-25)	1)Provisional CARE AAA; Stable (06-Jan-25)	-	-
2	Rating in the absence of the pending steps/documents	LT	-	-	1)Withdrawn (04-Apr-25)	1)No Ratings Can Be Assigned (06-Jan-25)	-	-

LT: Long term

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

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Issuer Rating-Issuer Ratings	Simple

**Annexure-5: Lender details:** Not applicable

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Gawar Narnaul Highway Private Limited (GNHPL)	Full	Subsidiary
2.	Gawar Khajuwala Bap Highway Private Limited (GKBHPL)	Full	Subsidiary
3.	Hardiya Hasanpur Highway Private Limited (HHHPL)	Full	Subsidiary
4.	Gawar Rohna Jhajjar Highway Private Limited (GRJHPL)	Full	Subsidiary
5.	Gawar Kiratpur Nerchowk Highway Private Limited (GKNHPL)	Full	Subsidiary
6.	Gawar Rohna Sonapat Highways Private Limited (GRSHPL)	Full	Subsidiary
7.	Dewas Ujjain Highway Private Limited (DUHPL)	Full	Subsidiary
8.	Gawar Bangalore Highways Private Limited (GBHPL)	Full	Subsidiary
9.	Gawar Nainital Highways Private Limited (GNHPL II)	Full	Subsidiary

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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