

Cube Highways and Infrastructure V Pte. Ltd.

December 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	0.00	CARE AA; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The issuer rating assigned to Cube Highways and Infrastructure V Pte. Ltd. (CH V) is supported by strong credit profile and track record of operational assets through its investment in special purpose vehicles (SPVs). The underlying investments are anticipated to provide steady cash flow through dividends, interest, and redemption of subordinate debt. The rating also factors in CH V being affiliated with marquee funds, investment vehicles, and/or entities managed and/or advised by I Squared Capital [ISQ] possessing a proven track record of managing investments across diverse sectors across the globe.

CARE Ratings Limited (CareEdge Ratings) considers the portfolio of assets under CH V, comprising six operational SPVs (three Toll-Operate-Toll [TOT] and three Build-Operate-Transfer -Toll [BOT]) having presence in different geographies of India. Of the total six assets, five have concession agreements from National Highways Authority of India (NHAI, rated 'CARE AAA: Stable') and the balance from Madhya Pradesh Road Development Corporation. All the assets have strong operational track record, long-term cash flow visibility with an average residual concession period of ~15 years albeit a moderate tail period of 2-3 years, limiting financial flexibility. Strong debt coverage indicators and presence of safeguard structures for the debt at the SPV level are other credit strengths of the investments. The satisfactory performance of the investments will be a credit monitorable.

CareEdge Ratings notes limited track record of cash flow upstreaming from SPVs, owing to ongoing stabilisation of assets post-acquisition, despite these assets generating healthy cash flows. The rating also factors in absence of fund based external debt at the Holdco level. The outstanding debt availed from shareholders, do not carry fixed repayment terms and are largely lent on payable-when-able basis. Per management inputs, future acquisition of assets will be funded through a combination of equity, shareholders' loans, and external debt. CareEdge Ratings relies on management articulation that external debt will be limited to 20% of the fair value of investments of CH V. Adverse deviation from this stance impacting the credit profile will be a key rating sensitivity.

However, rating strengths are constrained by inherent traffic risk associated with its toll road projects, operation and maintenance (O&M) risk associated with projects, and foreign currency risk as debt will be denominated in USD. The nature of CH V being a holding company with limited revenue sources and dependence on subordinate cash flows of underlying SPVs post meeting restricted payment covenants of individual SPVs under the waterfall mechanism is also viewed as a credit weakness. CH V is also exposed to the event risk in case of large debt-funded acquisition of assets with relatively weak operational profiles.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in upstreamed cash flows from underlying assets, improving debt coverage metrics.

Negative factors

- Significant deterioration in the overall credit profile of the investments.
- External debt to value of investments exceeding 20% for CH V this deteriorating its credit profile.

Analytical approach: Standalone

Standalone, deriving strength from the credit profile of its investments in the SPVs and its strong affiliation with ISQ.

Outlook: Stable

Stable outlook reflects the anticipation of maintenance of strong business and financial risk profile of underlying SPVs and linkages with strong parentage.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong parentage of ISQ

Founded in 2012 and headquartered in Miami, ISQ focuses on global infrastructure investments in sectors, such as energy, utilities, transport and logistics, digital infrastructure, social infrastructure, and environmental infrastructure. Globally, ISQ manages USD 50 billion in assets. ISQ utilises Singapore-based Cube Highways platform for investments in road projects in India. ISQ, through its CHT, listed on Indian stock exchanges, manages 27 road assets comprising 8,819 lane kms valued at ₹36,519 crore as on September 30, 2025. It is an independent, professionally managed platform that leverages the extensive transportation experience of its management and execution advisory teams.

CH V is one such investment vehicle for road assets, where ISQ holds 50.1% majority stake, followed by Abu Dhabi Investment Authority (ADIA) – 24.90%, British Columbia Investment Management Corporation (BCI) – 19%, and Mubadala Investment Company (MIC) – 6%. ISQ has two non-executive directors on its board to oversee operations, and CH V is managed by a team of professionals and experienced personnel. The management of ISQ has articulated extending need-based financial support to CH V.

Investment portfolio with strong operational projects and geographical diversification

CH V invests in six operational toll road SPVs spread across different geographies of India. Projects are spread across states Delhi, Uttar Pradesh, Madhya Pradesh, Karnataka, Odisha, and West Bengal, offering geographical diversification. All the assets are important routes connecting arterial cities, with most stretches being the shortest between these destinations, running through five states and Delhi, which together contribute ~35% to India's total gross state domestic product (GSDP). The portfolio has a good mix of commercial (46%) and passenger (54%) traffic at a combined level. DTPL has higher concentration of passenger traffic increasing the likelihood of users opting for annual toll pass; however, this risk is largely mitigated by compensation policy announced by Ministry of Road Transport and Highways (MoRTH), covering it fully under change in law. While a few stretches have alternate routes such as upcoming Ganga Expressway, Delhi-Mumbai Expressway, and Eastern Dedicated Freight Corridor, the revenue risk is partly mitigated by their long operational history, with diversion risks already factored in the cash flows. Post factoring diversion of traffic in the cash flows for these risks, debt coverage indicators remain comfortable.

Assets under investment exhibit healthy debt coverage indicators

In FY25 (FY refers to April 01 to March 31), toll collection stood at ₹1,639 crore compared to ₹647 crore (153% y-o-y) in FY24, driven by (i) acquisition of three new assets, DHEMPL, MHPL, and KHEPL, generating combined toll collection of ₹880 crore and (ii) toll collection growth of existing three SPVs of ~17%, driven by toll rate hike considering increased tolling length for BFHL and WMPTL and traffic growth. Healthy toll collection resulted in robust debt coverage indicators on a combined basis of the assets under investments.

Healthy surplus cash generation from invested assets

Of the six operational SPVs, majority projects generate healthy surplus. All SPVs are self-sufficient to meet their debt servicing obligations. However, cash flows of SPVs are moderately fungible, where the combined cash surplus—after meeting all debt servicing obligations and restricted payment conditions at the SPV level—can be utilised to meet shortfalls in other SPVs. Combined external debt to combined revenue stood healthy at 5.31x for FY25 compared to average residual concession life of 15 years.

Healthy financial risk profile

As on September 30, 2025, CH V has nil fund based external debt and US\$487 million loans from shareholders. The outstanding debt availed from shareholders, do not carry fixed repayment terms and are largely lent on payable-when-able basis. The shareholders' loans are payable whenever CH V can pay and do not carry fixed repayment terms. The shareholders' loans were infused as NCDs in the invested assets, which mirror the terms of shareholders' loan at CH V level, thus providing greater financial flexibility to CH V. Per management inputs, future acquisition of assets will be funded through a combination of equity, shareholders' loans, and external debt. CareEdge Ratings relies on management articulation that external debt will be lower than 20% of the fair value of investments of CH V.

Key weaknesses

Risk associated with toll-based projects

All road projects in the portfolio of CH V are toll-based. The toll-based nature of these projects exposes the company to cash flow risk arising from traffic volumes and toll collections over the loan tenor. All toll-based SPVs remain exposed to inherent revenue risks due to traffic fluctuations and annual toll rate revisions, which are linked to the wholesale price index (WPI). Regulatory risk

in SPVs with concessions from state authorities and traffic diversion risks due to alternative routes may also impact toll collections and cash flow generation. However, debt coverage indicators are expected to remain strong beyond 1.5x even under sensitised scenario of lower traffic growth.

O&M risk associated with BOT projects with no earmarked reserves

Inherent O&M risk associated with the road projects remains elevated for CH V due to absence of pre-defined major maintenance (MM) schedule in most SPVs. O&M is handled by CH V's internal arm, Cube Highways and Transportation Asset Advisors Private Limited (CHTAAPL), through a centrally deployed team of experienced engineers and specialists. However, adequate assumptions for MM and cash surplus generated from other operational projects of CH V partly mitigate the risk arising from non-creation of major maintenance reserve account (MMRA). Any sharp increase in O&M costs resulting in deterioration of the credit profile of CH V's investment portfolio will be a credit monitorable.

Limited revenue source with subordinate rights over cashflows

CH V depends solely on upstreaming of subordinated cash flows of underlying SPVs post meeting restricted payment covenants of individual SPVs, under the waterfall mechanism. However, this is partially mitigated by the strong credit profile of the assets with adequate liquidity cushion available in the form of unencumbered free cash at SPV level. The upstreaming of funds from the assets is in INR to CH V, while they are repatriated to its shareholders in USD. Accordingly, CH V's repayment ability is sensitive to fluctuations in INR.

Liquidity: Strong

CH-V had unencumbered cash and bank balance of ₹883 crore from the invested assets as on March 31, 2025, which aids financial flexibility in exigencies. The surplus cash generated from underlying assets post meeting restricted payment condition is sufficient to meet the CH V's operating expenses. The outstanding debt availed from shareholders, do not carry fixed repayment terms and are largely lent on payable-when-able basis. This apart, CH V does not have any external debt. The strong liquidity is also supported by its resourceful promoters.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy on Default Recognition](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Non financial Sector](#)

[Notching by Factoring Linkages in Ratings](#)

[Issuer Rating](#)

[Investment Holding Companies](#)

[Toll Road Projects](#)

[Infrastructure Sector Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Holding company

Cube Highways and Infrastructure V Pte. Ltd. (CH V) is affiliated with ISQ and is a subsidiary of Cube Highways Holdings V Private Limited, incorporated in Singapore, while its ultimate holding entities are ISQ Global Infrastructure Fund I and ISQ Global Infrastructure Fund II, through feeder fund structures domiciled in the Cayman Islands and Luxembourg. CH-V. CH is held by multiple investors where ISQ holds 50.1% majority stake, followed by Abu Dhabi Investment Authority (ADIA) – 24.90%, British Columbia Investment Management Corporation (BCI) – 19%, and Mubadala Investment Company (MIC) – 6%. It was incorporated on June 17, 2021, and currently holds interests in six toll road assets in India.

Brief Financials (US\$ million)	December 31, 2023 (A)	December 31, 2024 (A)
Total operating income	34.92	222.38
PBILDT	27.59	214.16
PAT	27.59	214.16
Total Assets	130.68	800.36
ROTA (%)	21.12	26.76

A: Audited UA: Unaudited; 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	NA	NA	NA	NA	0.00	CARE AA; Stable

NA: Not Applicable

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	LT	0.00	CARE AA; Stable				

LT: Long term

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

Annexure-4: Complexity level of instruments rated: Not applicable

Annexure-5: Lender details: Not applicable, in case of Issuer Ratings

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 for clarifications.

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