

Raajmarg Infra Investment Trust

December 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	3,000.00	Provisional CARE AAA; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rating in the absence of the pending steps/ documents	No rating can be assigned
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Rationale and key rating drivers

To arrive at rating of the proposed bank facilities of Raajmarg Infra Investment Trust (RIIT), CARE Ratings Limited (CareEdge Ratings) has applied a consolidated approach of Raajmarg Infra Investment Trust (RIIT) and its proposed underlying project assets. RIIT is a Securities and Exchange Board of India (SEBI)-registered infrastructure investment trust (InvIT), which proposes to house five operational toll road assets sponsored by National Highways Authority of India (NHAI; rated 'CARE AAA; Stable').

The rating derives strength from experienced and established track record of the trust's sponsor –NHAI– in the roads and highways sector and its strategic importance to the Government of India (GoI) in enabling NHAI's monetisation efforts besides broadening public participation in the national highway development process. The investment manager – Raajmarg Infra Investment Managers Private Limited (RIIMPL) – is partly owned by NHAI, while the project manager –National Highways Invit Project Managers Private Limited (NHIPMPL) – is a wholly owned subsidiary of NHAI. Ratings are underpinned by a geographically diversified portfolio of mature toll road assets with a healthy operational history of over 15 years with robust toll collections.

The five identified toll road assets shall be held through a project special purpose vehicle (SPV), which shall enter into a 15-year concession agreement with NHAI similar to toll-operate-transfer (TOT) concession. Low leverage, healthy debt coverage indicators, benefits of cashflow pooling structure of the InvIT and the proposed creation of a debt service reserve account (DSRA) equivalent to one quarter of debt servicing to be maintained over the entire tenor of the loan at InvIT level are other prominent structural enablers strengthening RIIT's credit profile.

The trust has confirmed that the assumptions on the quantum of proposed debt and shortlisted projects to be acquired by RIIT, as shared with CareEdge Ratings, are in consonance with the details that will be filed by the sponsor in the Draft Offer Document with SEBI. The sponsor has also confirmed that the capital structure will be broadly in line with the assumptions submitted to CARE Ratings, and it factors a debt of ~40% of the proposed enterprise value.

However, aforementioned credit strengths are partially tempered by RIIT's exposure to inherent risks of constituent toll road projects, including varying traffic growth and traffic diversion to alternate routes, inherent operation and maintenance (O&M) and major maintenance (MM) risks, and inherent interest rate fluctuation risk. However, built-in concession period adjustment mechanism under the TOT framework provides partial downside protection against long-term toll revenue volatility while presence of hybrid annuity model (HAM) concessions held by other sponsors on some underlying stretches reduces O&M risk to an extent.

The rating is provisional and will be confirmed, once RIIT completes following steps to the satisfaction of CareEdge Ratings:

- a. Transfer of the identified assets into RIIT.
- b. Execution of concession agreement with NHAI for the proposed assets.
- c. Completion of offer and listing of RIIT.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

Negative factors

- Lower-than-envisaged toll collections or increase in O&M and MM expenses, adversely impacting the consolidated debt service coverage ratio (DSCR) below 1.75x on a sustained basis.
- Adversely changing capital structure leading to a net debt-to-enterprise value exceeding 49% on a sustained basis.

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

Analytical approach:

Consolidated. RIIT's credit profile factors in consolidated business and financial risk profile of five underlying assets to be transferred to RIIT, Gorhar Barwa Adda (GBA), Vijayawada Chilakaluripet (VC), Chennai Tada (CT), Chennai Bypass (CB) and Neelamangala -Tumakuru (NT). Debt at RIIT level will be serviced from cash flows, which is up streamed from underlying SPVs. The SPVs are proposed to be held under a project SPV, which is under the process of being incorporated. Consolidated entities/projects are mentioned in Annexure-6.

Outlook: Stable

CareEdge Ratings expects RIIT's business and financial risk profiles to remain stable, aided by healthy toll collections, comfortable leverage, and strong debt coverage indicators.

Detailed description of key rating drivers:**Key strengths****Experienced sponsor with strategic importance to GoI**

RIIT was set up by NHAI in November 2025 as an InvIT for monetising its road assets. It is the second InvIT by NHAI after National Highways Infra Trust (NHIT; rated 'CARE AAA; Stable / CARE A1+'), which has a portfolio of 26 assets. As a principal vehicle for monetising road assets in the country under the National Asset Monetisation Pipeline, the InvIT holds significant importance for GoI.

NHAI is the nodal agency responsible for developing and maintaining national highways. It was constituted under Section 3(1) of the National Highways Authority of India Act, 1988, and commenced operations in February 1995 for developing, maintaining, and managing national highways in the country. The NHAI is vested with executive powers for developing national highways in India by the MoRTH. The charter of NHAI is set out in the National Highways Act, 1956, and the National Highways Authority of India Act, 1988. GoI has a 100% stake in NHAI, with the authority receiving continuous support from the GoI in the form of capital grants, allocation of cess funds, additional budgetary support (ABS), and has extended guarantees to the latter's market borrowing programmes.

Geographically diversified portfolio of toll road projects

NHAI, the sponsor, and RIIMPL, the investment manager, have identified five road projects, Gorhar Barwa Adda, Vijayawada Chilakaluripet, Chennai Bypass, Chennai Bypass and Nelamangala Tumakuru to be transferred to the InvIT. The portfolio projects are at diversified geographical locations spread across different states, such as Jharkhand, Andhra Pradesh, Tamil Nadu, and Karnataka. This significantly mitigates InvIT's business risk by reducing the potential impact of region-specific economic slowdown or force majeure events, or with respect to specific risks of individual projects. These stretches form critical links in the Golden Quadrilateral and East Coast Corridor, connecting industrial hubs, ports, and metropolitan regions, ensuring exposure to varied traffic patterns and economic activity.

Established track record of healthy toll collection

The proposed projects have an operational track record of over 15 years. NHAI has been responsible for toll collection across all five project stretches with a healthy track record of traffic growth. Toll plazas at these five stretches reported healthy toll collection of ₹860 crore in FY25 representing 9% growth over FY24. These stretches post some descoping in project length are proposed to be transferred to RIIT rendering good revenue visibility. Moreover, six laning is under advance stage of completion and estimated to be completed for one of the said stretches by February 2026. This augurs well for the growth in toll collection of RIIT owing to benefit of toll hike.

Concession agreement providing long-term revenue visibility

RIIT will have a 100% shareholding in the project assets through its 100% held project SPV. The project SPV will enter a concession agreement with NHAI for O&M of these assets akin to TOT concessions. Thus, the project SPV will receive the right of collection of user fee and O&M for the underlying project stretches for 15 years in return for an upfront concession fee to NHAI from issue proceeds and InvIT level debt. Under the TOT concession framework, the mechanism for adjusting the concession period has been amended such that the concession period will be extended if actual toll collections fall short of the targeted toll collection by over 5%. The extension is calculated on a pro-rata basis relative to the shortfall beyond the 5% threshold, with reciprocal reduction provisions if toll collections exceed targets by over 5%. The frequency for assessing actual versus target tolls has also been increased to every five years for determining the adjustment to the concession period. This mechanism provides partial mitigation against long-term traffic and revenue variability.

Comfortable leverage and strong debt coverage indicators

RIIT will raise debt of ~₹4,000 crore for 13 years to be utilised for payment of concession fee to NHAI as specified in the Concession Agreement. This apart, the proceeds will also be utilised to undertake initial improvement cost. The surplus cash flows after meeting the operational expenses of project highways will be available to InvIT and long tenor of loan availed, translating into healthy debt coverage in the projected period. The capital structure is expected to be maintained at a level that the debt to Enterprise Value (EV) does not exceed 49%. Leverage stands comfortable marked by estimated peak debt/toll collection of 4.25x against 13 years of loan tenor leading to strong debt coverage indicators. This apart, per the proposed term sheet, the InvIT has to maintain one-quarter DSRA equivalent to principal, interest, fees and all other obligations due and payable in respect of the facility in the subsequent quarter. Thus, presence of long tenor loan, cashflow pooling, and reserve requirement provides significant comfort.

Key weaknesses**Inherent traffic risk**

Toll revenues are a function of toll rates and traffic volumes. Traffic volumes directly or indirectly depend on multiple factors, including project location (connecting areas and their commercial importance), cost benefit analysis for use of toll roads against alternate routes, macro-economic factors and travel efficiency of alternative routes outside the network of toll roads, among others. Even though the projects have a favourable locational advantage, the same remain exposed to traffic diversion risk from alternate route, primarily Varanasi Ranchi Kolkata Expressway, Eastern Dedicated Freight Corridor, High Speed Rail corridor between Chennai to Hyderabad, Chennai Peripheral Ring Road, Chennai Port Maduravoyal Expressway, and Surat Chennai Expressway among others. CareEdge Ratings has considered the suitable traffic diversion in the base case model per traffic study report. Going forward, higher-than-envisaged traffic diversion to alternate route leading to consolidated DSCR falling below 1.75x on sustained basis is key rating sensitivity. However, low leverage and favourable terms of TOT concessions mitigate the traffic diversion risk to an extent. Moreover, six-lane widening work of NT is estimated to be completed in FY27. Engineering, procurement, and construction (EPC) work is being done by HG Infra Projects Limited (rated 'CARE AA; Stable/CARE A1+') and project progress is ~49% as of September 2025. In case of delay in completion of six-lane widening work, toll income of FY27 can be impacted. However, even with a six-month delay in six laning, debt coverage indicators are expected to remain healthy.

Inherent O&M and MM risks with interest rate risk

Underlying assets are subject to routine and periodic maintenance over the concession period. CareEdge Ratings notes that O&M will be undertaken under a pre-agreed framework, with the project manager responsible for execution per InvIT agreements. Certain stretches will continue under existing O&M arrangements. The Gorhar Barwa Adda project is currently operated under the HAM, with the concession valid until FY36, during which period O&M will continue to be undertaken by the existing HAM concessionaire and the Nelamangala-Tumakuru stretch is operated under an O&M arrangement, which is expected to continue until FY32. This reduces the near-to-medium-term O&M burden on the Trust and mitigates maintenance risk to an extent.

For routine and periodic maintenance, CareEdge Ratings has primarily relied on the O&M cost assumptions, as specified by the technical consultant for respective project stretches. Both routine O&M and periodic maintenance costs are comparable or superior to other rated projects. This apart, the aforesaid risk is largely mitigated due to NHAI's vast experience in the road construction and development sector. Notably, the debt at the InvIT level is proposed to carry floating interest rate and is subject to a periodic reset, exposing the trust to adverse changes in interest rates in future.

Liquidity: Strong

The liquidity profile of the InvIT is expected to be strong with the availability of surplus cash flows from the underlying project stretch, low leverage and long tenor debt of 13 years with regular amortisation schedule. Proposed DSRA creation equivalent to one quarter of debt servicing provides comfort by enhancing liquidity buffers.

Assumptions/Covenants: Not applicable**Environment, social, and governance (ESG) risks: Not applicable**

Applicable criteria

- [Assignment of Provisional Ratings](#)
- [Consolidation](#)
- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Infrastructure Investment Trusts \(InvITs\)](#)
- [Infrastructure Sector Ratings](#)
- [Toll Road Projects](#)

Validity of Provisional Rating:

Provisional rating shall be converted into a final rating after receipt of transaction documents duly executed/ completion of mentioned steps within 90 days from the instrument's date of issuance. An extension of 90 days may be granted on a case-to-case basis in line with CARE Ratings' Policy on Assignment of Provisional Ratings.

Risks associated with provisional nature of credit rating:

When a rating is assigned pending execution of certain critical documents or steps to be taken, it is a 'Provisional' rating indicated by prefixing 'Provisional' before the rating symbol. On execution of critical documents to the satisfaction of CARE Ratings, the final rating is assigned. In absence of documents/ completion of steps or where such documents deviate significantly from those considered, provisional rating will be reviewed in line with the Policy on Assignment of Provisional Ratings.

Details about REIT/ InvIT:

Details of assets proposed to be held by REIT/ InvIT	Following assets are proposed to be held by InvIT: <ul style="list-style-type: none"> • Gorhar Barwa Adda (87.23 Km) – Jharkhand • Vijayawada Chilakaluripet (80.80 Km) – Andhra Pradesh • Chennai Bypass (85.41 Km) – Tamil Nadu • Chennai Tada (43.28 Km) – Tamil Nadu • Nelamangala Tumakuru (52.52 Km) – Karnataka
Proposed Capital Structure	Peak debt/Enterprise value at ~40%
Undertaking taken by CARE Ratings from the sponsor stating key assumptions (relating to assets, capital structure, among others) are in consonance with details filed by the sponsor with SEBI	Yes

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Infrastructure	Road Assets–Toll, Annuity, Hybrid-Annuity

RIIT is registered as an irrevocable trust under Indian Trust Act 1882 and is registered as InvIT under SEBI (Infrastructure Investment Trust) Regulations 2014. Currently, five road projects with a total stretch of 305.95 km namely Gorhar Barwa Adda, Vijayawada Chilakaluripet, Chennai Bypass, Chennai Bypass, and Nelamangala Tumakuru are identified to be transferred to the InvIT, which through a project SPV will sign a fresh concession agreement with NHAI for 15 years on TOT basis.

Brief financials: Not applicable; RIIT is yet to acquire assets and yet to be listed.

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
Term Loan-Long Term		-	-	31-03-2039	3000.00	Provisional 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	Term Loan-Long Term	LT	3000.00	Provisional CARE AAA; Stable				

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	Term Loan-Long Term	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)**Annexure-6: List of entities consolidated**

The Project SPV, which will be 100% subsidiary of RIIT and is yet to be incorporated, is proposed to house following assets:

Project stretch	State	Length (in km)
Gorhar Barwa Adda	Jharkhand	87.23
Vijayawada Chilakaluripet	Andhra Pradesh	80.80
Chennai bypass	Tamil Nadu	85.41
Chennai Tada	Tamil Nadu	43.28
Nelamangala Tumakuru	Karnataka	52.52

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.

Contact us

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About us:

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