

India's InvITs AUM to reach Rs 7.25-7.50 lakh crore by FY26

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Synopsis

- Infrastructure Investment Trusts (InvITs) in India have gained momentum with asset under management (AUM) doubling from ~Rs 3.0 lakh crore in FY22 to ~Rs 6.25 lakh crore by FY25.
- CareEdge Ratings expects InvIT AUM to grow by ~Rs 1 lakh crore during FY26, led by portfolio expansion across the roads, transmission, warehousing and renewable sector.
- Combined leverage, i.e. total external debt/enterprise value (EV), is expected to remain at ~49% for FY26, driven by higher valuations stemming from equity raising & lower interest rates.
- InvITs have mobilized Rs 88,000 crore equity during the past three years, FY23-FY25, and are expected to further raise Rs 16,500 in FY26.
- Bond market is likely to stay moderate, with non-convertible debentures (NCD) issuance constituting ~20% of the estimated outstanding debt (at the combined level) for FY26.

Two-fold increase in AUM over FY22–FY25, while sectoral diversification lags

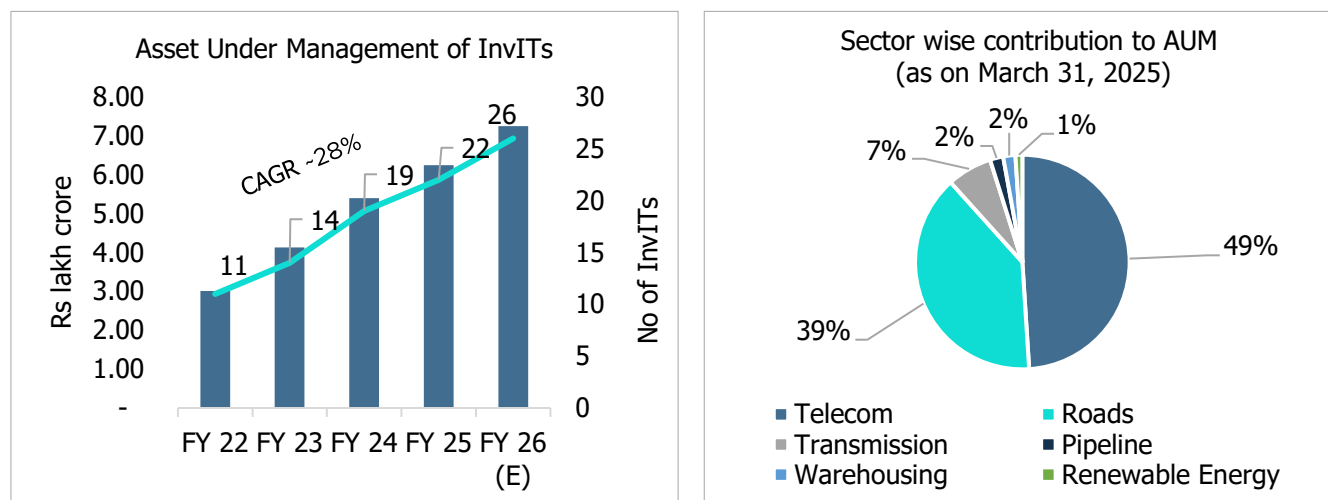


Figure 1: AUM of InvITs and Sector Wise Contribution; Source: CareEdge Ratings

The number of InvITs in India has increased from 11 in FY22 to 22 in FY25, with a corresponding increase in AUM to ~Rs 6.25 lakh crore in FY25. This reflects both structural investor appetite and the rapid institutionalisation of operational infrastructure platforms. However, sectoral dispersion is yet to catch up. AUM remains heavily concentrated in two segments—telecom (~Rs 3.06 lakh crore) and roads (~Rs 2.46 lakh crore)—which together account for nearly 90% of the industry's AUM as of March 31, 2025, signalling diversification opportunities. CareEdge Ratings expects InvIT AUM to grow by ~Rs 1 lakh crore during FY26, led by portfolio expansion across the roads, transmission, warehousing and renewable sector. The medium-term trajectory will also benefit from the strong National Monetisation Pipeline-II (NMP-II), the pool of operational HAM assets, and increasing activity on transmission and warehousing platforms.

Robust Monetisation of Highway Assets Anchors AUM Growth – with transmission, telecom, renewables and warehousing spurring multi-asset diversification

Roads & Highways - Roads remain the most active segment by count and deal flow. As of March 31, 2025, there were 22 InvITs, of which 15 were road InvITs comprising 178 assets with AUM of Rs 2.46 lakh crore. The monetisation potential from existing operational NH HAM projects is expected to be around Rs 50,000 crore, with an additional Rs 1.5 lakh crore of HAM projects likely to become operational over FY26–FY28—taking the aggregate potential to Rs 2 lakh crore. However, there remain challenges regarding lower valuation multiples due to high leverage and competitive bidding, leading to perceived risk of quality. With regard to NH toll road projects, CareEdge Ratings estimates toll growth will remain stable at 7% in FY26. However, unlike HAM projects, the eligible toll road asset pool for monetisation in the primary market is limited, as substantial mature toll assets have already been monetised. As per NMP-II, the monetisation target for the roads sector (including multi-modal logistics parks and ropeways) is set at Rs 4.42 lakh crore over a period of five years, i.e., FY26-FY30, which, in turn, shall support AUM growth for road InvITs.

Transmission & Renewables – Transmission InvITs benefit from long-tenor contracts and fixed/regulated tariffs that support revenue visibility. As of March 31, 2025, there are 2 transmission InvITs housing 49 assets with an AUM of ~Rs 42,500 crore. The growth in the transmission sector shall be driven by a projected increase in peak power demand to 403 GW by FY31, up from 275 GW as of July 2025, necessitating transmission network expansion. The investment opportunity in transmission is large, with planned investments of about Rs 4.86 lakh crore till 2030–31, as per the Central Transmission Utility's Master Rolling Plan, creating a sustained pipeline of operational assets. Nevertheless, the strong credit profile of the sponsors and the availability of ample refinancing avenues for commissioned assets have diminished the prospects of such assets being monetised through InvIT.

Renewables continue to attract strong global interest, supported by steady platform-level investments. As of March 31, 2025, there was one renewable energy InvIT housing 8 assets having a capacity of 1.1 GW. The installed renewable capacity in India is projected to increase to 460 GW by FY30, translating into a large pipeline of operational assets. The renewable sector has also been supported by technological evolution, particularly in battery storage and round-the-clock, firm renewable energy solutions, which have led to recent low tariff for solar projects with battery energy storage systems (BESS). However, delays in signing power purchase agreements (PPAs), technological risks in BESS projects, and constraints on transmission evacuation capacities are prominent headwinds.

Telecom - Telecom tower InvITs continue to operate at a large scale, with an AUM of about Rs 3.06 lakh crore as of March 31, 2025, with 2.57 lakh towers and 1.7 million route km of fibre assets. Monetisation in this sector is supported by structural demand drivers, such as increasing internet penetration and a nearly two-fold increase in data usage. From an operations point of view, it provides a stable operating metric with a stable tenancy ratio at around 1.40 times during FY25.

Warehousing - Warehousing InvITs, although still relatively small at around Rs 11,500 crore in AUM as of March 31, 2025, are supported by buoyant underlying demand from e-commerce, third-party logistics (3PL), and multimodal supply chains. India's Grade - A warehouse stock is expected to exceed 500 million sq ft by CY30, with occupancy levels likely to remain healthy at around 90%. However, rising land prices and higher construction costs relative to rental yields continue to pose near-term challenges.

Financing Trend of InvITs - Equity

As seen from the exhibit, InvIT collectively has a unit capital of ~Rs 1.93 lakh crore as of March 31, 2025, of which ~Rs 88,000 crore of equity has been mobilised over FY23–FY25, indicating confidence from large, long-term investors.

The trend is expected to continue in FY26, with estimated fresh equity raising of Rs 16,500 crore by roads and transmission InvITs, as well as the launch of new InvITs.

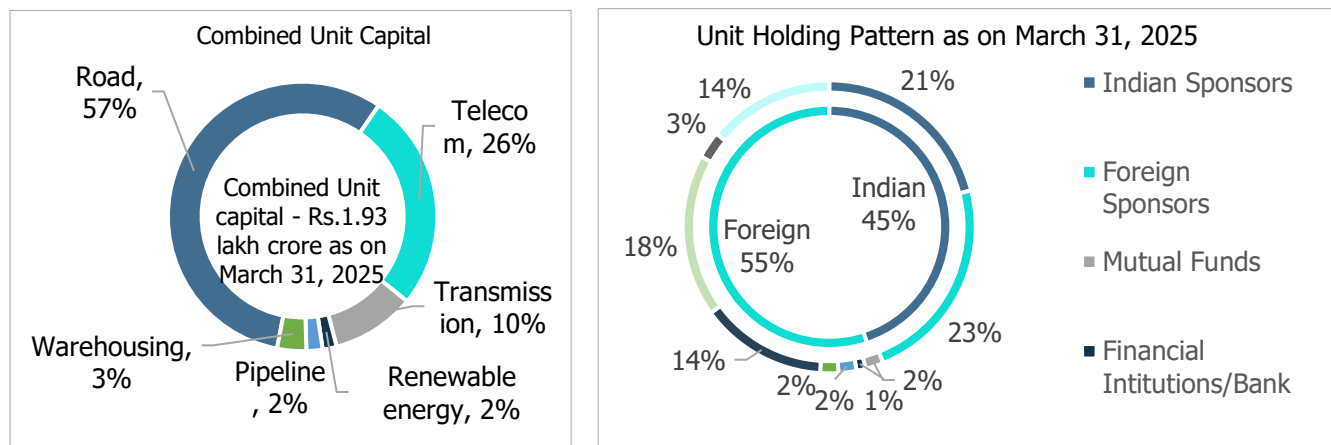


Exhibit 2: Cumulative unit capital and unit holding ; Source: CareEdge Ratings & Annual reports of various InvITs

Sponsor ownership remains sizeable at ~44%, providing a cushion and headroom for future dilution. Global investors form the backbone of the unitholder mix, holding ~55% of units, including foreign sponsors, pension pools, sovereign entities, and institutional Foreign Portfolio Investors (FPIs), reflecting robust international confidence in India’s regulated infra-yield assets. In contrast, domestic institutions - mutual funds, provident/pension funds, banks and insurers together hold a modest ~7%, indicating significant untapped depth for broad-based domestic participation. Retail participation, though still nascent, has been steadily inching upward, particularly in listed InvITs with a track record of consistent distributions.

Financing Trend of InvITs - Comfortable Debt & Leverage Profile

InvITs on a combined/aggregate basis had an outstanding gross debt of Rs 2.82 lakh crore at the end of FY25. The borrowing mix of InvITs continues to show a clear reliance on banks, with term loans accounting for nearly two-thirds of total borrowings as of March 31, 2025. Bond issuances, despite gradual progress, account for only about 20% of the combined debt, highlighting an underpenetrated capital market base even as platforms mature.

Leverage, measured as total debt divided by enterprise value (EV), has steadily hovered between 47% and 51% over the past few years. CareEdge Ratings expects leverage of 49% at the end of FY26, supported by higher valuations owing to lower interest rates and equity raisings. This lends measured headroom for future acquisitions.

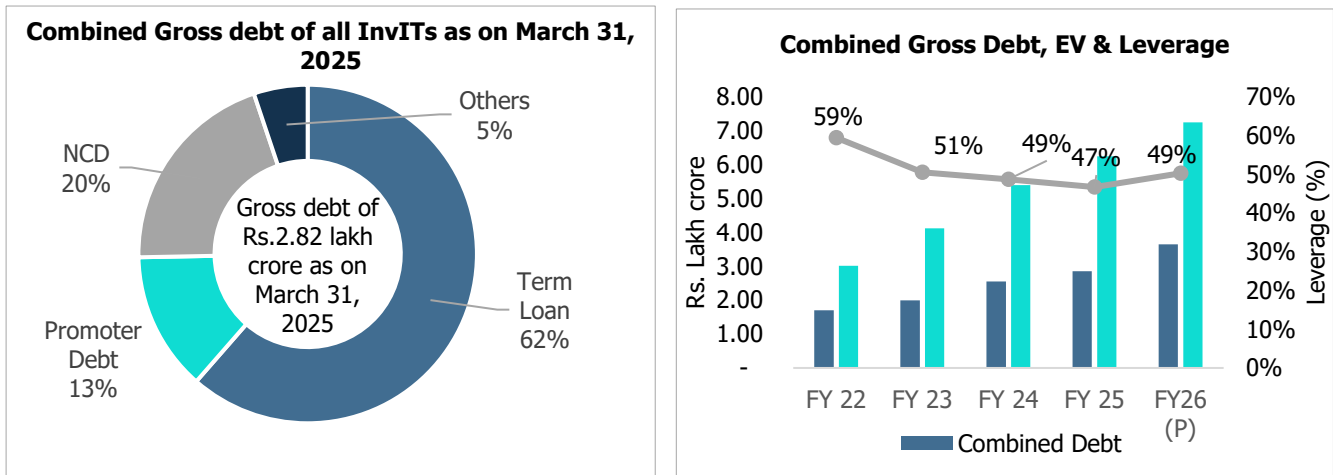


Exhibit 3: Cumulative gross debt & leverage; Source: Annual report of InvITs

CareEdge Ratings' View

“InvITs are expected to witness another year of steady growth in FY26, with nearly Rs 1 lakh crore of additional AUM driven by the roads, warehousing, transmission, and renewable energy sectors. The sector’s credit profile remains robust, supported by diversified, operational asset pools. However, there remains significant potential to enhance creditor protections further and deepen the domestic investor base, particularly given the currently low participation by retail investors, mutual funds, and insurance companies. Leverage levels are expected to remain stable at around 49% in FY26, aided by valuation gains and continued equity issuances. Bond market participation is likely to stay moderate, representing approximately 20% of the estimated Rs 3.70 lakh crore in debt as of March 31, 2026,” says Maulesh Desai, Director at CareEdge Ratings.

“From a sector-specific perspective, the roads segment presents a strong monetisation pipeline, supported by the flow of operational HAM assets and the ambitious monetisation targets outlined for the sector under NMP-II for FY26–FY30. However, the pace and pricing of roads monetisation will continue to be influenced by HAM valuations and the limited availability of toll assets. In other sectors, warehousing InvITs remain well-positioned, backed by healthy occupancy levels and moderate leverage. Transmission and solar assets also offer long-term potential, though growth is tempered by the structure of long-tenure concessions and the availability of attractively priced refinancing debt. As InvITs continue to scale, maintaining an optimal balance among growth aspirations, asset valuations, and funding access will be critical to sustaining momentum and ensuring continued investor confidence,” says Palak Vyas, Associate Director at CareEdge Ratings.

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