May 29, 2025

Roadstar Infra Investment Trust: Rating upgraded to [ICRA]A (Stable)

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Issuer rating	0.00	0.00	[ICRA]A (Stable); Upgraded from [ICRA]BBB+ (Stable)
Total	**0.00**	**0.00**	

Instrument details are provided in Annexure-I

ICRA has undertaken a consolidated financial analysis of Roadstar Infra Investment Trust (RIIT/the Trust/ the InvIT) and its six underlying special purpose vehicles (SPVs). Of the six assets, four are under the National Highway Authority of India's (NHAI) concession framework (three toll and one annuity), one toll asset under the Ministry of Road Transport and Highways (MORTH) and one annuity project from Kerala Road Fund Board (KRFB). The four toll road projects are Pune Sholapur Road Development Company Limited (PSRDCL), Moradabad Bareilly Expressway Limited (MBEL), Sikar Bikaner Highway Limited (SBHL) and Barwa Adda Expressway Limited (BAEL) and two annuity road projects are Hazaribagh Ranchi Expressway Limited (HREL) and Thiruvananthapuram Road Development Company Limited (TRDCL). All the assets are operational, except BAEL, which is, ~94% completed as of January 2025 and is tolled during construction. Moreover, SBHL is yet to receive the final COD, pending punch-list item completion and certification from the authority. RIIT holds 100% equity stake in MBEL, SBHL, BAEL and 90.01% in PSRDCL, 99.90% in HREL and 50% in TRDCL.

Rationale

The rating upgrade reflects the improvement in coverage metrics of RIIT (projected average debt servicing coverage ratio (DSCR)), driven by prepayment of debt and NHAI premium and the novation of IL&FS Group's senior debt by the InvIT across various SPVs. In line with a harmonious settlement with the NHAI, BAEL has repaid the deferred premium, along with accrued interest amounting to Rs. 394 crore, utilising its internal cash balance and Rs. 93-crore support from the InvIT. Additionally, for both BAEL and SBHL, the IL&FS Group's senior debt has been novated to the InvIT, which has a pay-when-able structure in place and does not have default calling rights. These developments have led to a reduction in scheduled debt repayments, thereby leading to improvement in the coverage metrics of the respective SPVs. The rating upgrade takes into account the significant reduction in penalties[1]/annuity deductions due to healthy progress in catch-up maintenance requirement across all the SPVs.

The rating derives comfort from the average toll collection track record of over 10 years for RIIT's operational toll road projects and track record of 25 semi-annuity receipts for the annuity project. The asset portfolio is geographically spread across six states viz. Maharashtra, Rajasthan, Uttar Pradesh, West Bengal, Jharkhand and Kerala, with top three geographies contributing to 79% of the operating income (OI) in FY2025E. The rating also takes comfort from the adequate debt structure with all the SPVs having established a Debt Service Reserve Accounts (DSRA) equivalent to at least three months of debt servicing (in compliance with lender requirements), totalling Rs. 223 crore as on March 31, 2025. The rating draws comfort from the SEBI InvIT regulations that restricts the aggregate consolidated borrowings and deferred payments for the InvIT and its SPVs, thereby limiting the leverage that can be undertaken by the Trust. ICRA draws comfort from the management's guidance of maintaining leverage below 49% of loan-to-value (LTV), thereby supporting RIIT's credit profile.

[1] *Penalties of Rs. 92 crore levied earlier till FY2024, has now been reduced to Rs. 69 crore in FY2025 (~Rs. 22 crore is already paid, while the balance ~Rs. 47 crore is under litigation).*

ICRA notes the change in unitholding pattern of the InvIT post the listing of InvIT. As on March 31, 2025, 15.1% of the total units is held by Roadstar Infra Private Limited (RIPL, a wholly-owned subsidiary of ITNL), which is the sponsor for RIIT. Of the balance 84.9%, ~78% has been distributed among the creditors of the IL&FS Group and the rest ~7% (currently held by IL&FS group entities) will be transferred to creditors of the IL&FS Group in the due course.

The rating, however, is constrained as RIIT remains exposed to risks inherent in toll road projects, including those arising from the cyclicality in traffic growth, inflation-linked toll rate increase, risk of political acceptability of rate hikes over the concession period, the likelihood of toll leakages, development or improvement of alternative routes or alternate modes of transportation. ICRA notes that there is an upcoming alternative route for two large[2] SPVs viz. MBEL and BAEL, which is expected to lead to traffic diversion in the medium term. Further, the cash flows remain exposed to risk of delayed receipt and deductions of annuities. Any higher-than-expected reduction in traffic or material delay/deduction in annuities, as seen in the past, could have an adverse impact on the debt coverage indicators and thus will remain a key monitorable. Most of these SPVs are coming out of stress period[3], wherein the lenders have suffered NPV loss, though there has been no haircut taken on the principal amount during the resolution plans of these assets. As a part of resolution plan, the lenders have relinquished their right to recompense in the future. The restricted payment condition stipulated by various lenders under each SPVs restricts payment of surplus to the trust to the extent of repayment of RIIT sub-debt, thereby restricting full cash flow fungibility among SPV entities. Any refinancing of debt at InvIT level, which if materialises, will ease these restrictions.

The rating factors in the past instances of inadequate maintenance track record of project SPVs under RIIT, leading to Concessioning Authority levying penalties in numerous instances across SPVs. ICRA, however, notes of the healthy progress in catch-up maintenance requirement resulting in significant reduction in quantum of new penalties being levied. All SPVs have entered into fixed-price contracts with Elsamex Maintenance Services Limited (EMSL) for the entire concession period to carry out operations and maintenance (O&M) activities. Nonetheless, any material deductions in annuities and/or higher outflows on account of O&M activities, as seen in the past, could adversely impact the coverage metrics. Therefore, the SPVs' ability to demonstrate a consistent track record of operating assets without adverse observations, penalties, or deductions, and within the budgeted cost, will remain a key monitorable.

Major maintenance reserves (MMR) amounting to Rs. 221 crore has been created as on March 31, 2025, across various SPVs to address any potential shortfalls in maintenance funding in the near term. The SPV's ability to ensure sufficient liquidity for timely carrying out of MM activities during the entire concession period remains critical from the credit perspective. Any material adverse observation from authority/IE or penalty/deduction from authority will be a credit negative. ICRA takes note of the outstanding contingent liability of Rs. 430.4 crore across the portfolio as on March 31, 2024. While this has reduced in FY2025 due to materialisation and few favourable orders, it continues to remain sizeable. Any crystallisation of this liability would adversely impact cash flows and will therefore remain a key monitorable.

ICRA notes that the RIIT, like any other InvIT, remains exposed to the risks associated with any further asset acquisition, which could materially impact its operational and financial risk profile. If the InvIT acquires any other asset or raises additional debt in future, ICRA will at that juncture, evaluate the effect of the same on the rating. Also, any regulatory changes that can affect its financial risk profile will remain a monitorable. Nonetheless, ICRA takes note of the management's guidance to keep overall leverage below 49% and partially deploy inflows from the ongoing arbitration, if any, towards deleveraging going forward.

The Stable outlook on the rating reflects ICRA's expectation that the Trust will benefit from the healthy growth in toll collections for its portfolio assets in the medium term, adequate debt coverage metrics, and moderate leverage profile.

[2] *In terms of contribution to cashflow available for debt servicing (CFADS)*

[3] *Four out of six assets have undergone resolution plan under Circular no. 'BP.BC.45/21.04.048/2018-19 dated June 07, 2019 of Reserve Bank of India', of which specified period for two is yet to be completed.*

Key rating drivers and their description

Credit strengths

Road projects with operational track record, spread across six states – The rating derives comfort from the average toll collection track record of 10.9 years for RIIT's operational toll road projects and track record of 25 semi-annuity receipt for the annuity project. The toll collections for the RIIT portfolio recorded a CAGR of ~10% during FY2019-2025, driven by 4.1% CAGR in traffic and ~6% CAGR toll rate hike. In FY2025, the average daily toll collections witnessed a YoY growth of ~5.0%. ICRA expects the consolidated toll collections for RIIT to witness a moderate growth of 6%-8% in FY2026e respectively, supported by the traffic growth of ~4%. The asset portfolio is geographically spread across six states viz. Maharashtra, Rajasthan, Uttar Pradesh, West Bengal, Jharkhand and Kerala, with top three geographies contributing to 79% of OI in FY2025E.

Comfortable financial profile – The InvIT has comfortable debt coverage metrics over the debt tenure and has adequate debt structure with all the SPVs having established a DSRA equivalent to at least three months of debt servicing (in compliance with lender requirements), totalling Rs. 223 crore as on March 31, 2025. The rating draws comfort from the SEBI InvIT regulations that restrict the aggregate consolidated borrowings and deferred payments for the InvIT and its SPVs, thereby limiting the leverage that can be undertaken by the Trust. ICRA draws comfort from the management's guidance of leverage to remain below 49% of LTV, thereby supporting RIIT's credit profile. ICRA notes that the restricted payment condition stipulated by various lenders under each SPVs restricts payment of surplus to the trust to the extent of repayment of RIIT sub-debt, thereby restricting full cash flow fungibility between SPV entities. Any refinancing of debt at InVIT level, which if materialises, will ease these restrictions.

Credit challenges

Risks inherent in BOT toll road and annuity projects – RIIT remains exposed to risks inherent in toll road projects, including those arising from cyclicality in traffic growth, inflation-linked toll rate increase, risk of political acceptability of rate hikes over the concession period, the likelihood of toll leakages, development or improvement of alternative routes or alternate modes of transportation. ICRA notes that there is an upcoming alternative route for two large[4] SPVs viz. MBEL and BAEL, which is expected to lead to traffic diversion in the medium term. Ganga Expressway, which is estimated to be operational in FY2026, would affect the traffic on MBEL during FY2026 and FY2027. The Ranchi-Kolkata section of Varanasi-Ranchi-Kolkata Express-way, once completed (expected by FY2031), would impact the traffic on BAEL project stretch in the long term. Further, the cash flows remain exposed to risk of delayed receipt and deductions of annuities. Any higher-than-expected reduction in traffic or material delay/deduction in annuities, as seen in the past, could have an adverse impact on the debt coverage indicators and thus will remain a key monitorable. The rating factors in the inadequate maintenance track record of project SPVs under RIIT on account of unavailability of funds in the past, due to their accounts being frozen and withdrawal restrictions imposed by NCLT. Consequently, the Concessioning Authority levied penalties on account of poor maintenance of the stretches and delay in undertaking major maintenance (MM), in numerous instances across SPVs in the past. ICRA notes of the healthy pro-gress in catch-up maintenance requirement resulting in significant reduction in quantum of new penalties being levied. All SPVs have entered into fixed-price contracts with Elsamex Maintenance Services Limited (EMSL) for the entire concession period to carry out O&M activities. Nonetheless, any material deductions in annuities and/or higher outflows on account of O&M activities, as seen in the past, could adversely impact the coverage metrics. Therefore, the SPVs' ability to demonstrate a consistent track record of operating assets without adverse observations, penalties, or deductions, and within the budgeted cost, will remain a key monitorable. MMR amounting to Rs. 221 crore as on March 31, 2025, has been created across various SPVs to address any potential shortfalls in maintenance funding in the near term. The SPV's ability to ensure sufficient liquidity for timely carrying out of MM activities during the concession period remains critical from the credit perspective. Any material adverse observation from authority/IE or penalty/deduction by the authority will be a credit negative. ICRA takes note of the outstanding contingent liability of Rs. 430.4 crore across the portfolio as on March 31, 2024. While this has reduced in FY2025

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[4] *In terms of contribution to cashflow available for debt servicing (CFADS)*

due to materialisation and few favourable orders, it continues to remain sizeable. Any crystallisation of this liability would adversely impact cash flows and will therefore remain a key monitorable.

Risk of further asset acquisition by trust and its funding pattern – RIIT, like any other InvIT, remains exposed to the risks associated with any further asset acquisition, which could materially impact its operational and financial risk profile. If the InvIT acquires any other asset or raises additional debt in future, ICRA will at that juncture, evaluate the effect of the same on the rating. Also, any regulatory changes that can affect its financial risk profile will remain a monitorable. Nonetheless, ICRA takes note of the management's guidance to keep the overall leverage below 49% and partially deploy inflows from the ongoing arbitration, if any, towards deleveraging going forward.

Liquidity position: Adequate

RIIT's liquidity position is adequate, as reflected in unencumbered cash and bank balance of Rs. 416.5 crore as on March 31, 2025. The liquidity position is expected to remain adequate with toll collections and annuity receipts to comfortably meet the operational expenses and debt servicing requirement. ICRA notes that MM reserves, though created as on March 31, 2025 for all the SPVs, are not planned to be consistently maintained across all the assets, and hence the SPV's ability to maintain adequate liquidity cushion to undertake the MM activity in timely manner over the concession periods remain critical from the credit perspective. The consolidated annual debt repayment (external) is estimated to be at Rs. 465-480 crore for FY2026 and Rs. 315-Rs. 330 crore for FY2027, respectively, which can be serviced from the operational cash flows.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is a significant improvement in the average DSCR over the debt tenure, driven by higher-than-expected toll collections and/or material reduction in leverage through receipt of arbitration proceeds. Additionally, a consistent track record of operating assets without any adverse observations, penalties, or deductions, and within the budgeted cost, could also support a positive rating action. Furthermore, the InvIT's ability to achieve 100% cash pooling benefits across all its SPVs would be viewed favourably and may warrant an upgrade.

Negative factors – Negative pressure on the rating could arise if lower-than-anticipated toll collections or higher-than budgeted O&M costs result in deterioration of coverage metrics. Further, increase in leverage, or crystallisation of any contingent liabilities or penalties by the authority, which could materially impact the liquidity or coverage metrics will be a credit negative. The rating maybe downgraded if there is any non-adherence to the debt structure. Specific metrics include average DSCR over the debt tenure falling below 1.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Roads - BOT Toll Infrastructure Investment Trusts (InvITs) Corporate Credit Rating Methodology Roads - Annuity
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of the RIIT (list of entities given below)

About the trust

RIIT is an irrevocable trust set up under the Indian Trusts Act, 1882 and registered with the Securities and Exchange Board of India (SEBI) as an Infrastructure Investment Trust under the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended. RIPL, a subsidiary of ITNL, is its sponsor, while the investment manager of the Trust is Roadstar Investment Managers Limited. RIIT's project manager is Elsamex Maintenance Services Ltd. and the trustee is Axis Trustee Services Limited.

At present, the trust has six assets, which includes three operational toll road projects — Pune Sholapur Road Development Company Limited (PSRDCL), Moradabad Bareilly Expressway Limited (MBEL), Sikar Bikaner Highway Limited (SBHL), one tolling during construction toll road project — Barwa Adda Expressway Limited (BAEL) and two annuity road projects — Hazaribagh Ranchi Expressway Limited (HREL) and Thiruvananthapuram Road Development Company Limited (TRDCL).

Key financial indicators

RIIT -Consolidated	FY2023	FY2024
Operating income	433.6	689.0
PAT	-115.8	-19.4
OPBDIT/OI (%)	61.0%	73.5%
PAT/OI (%)	-26.7%	-2.8%
Total outside liabilities/Tangible net worth (times)	0.9	0.8
Total debt/OPBDIT (times)	8.3	5.6
Interest coverage (times)	1.3	1.7

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Note: RIIT follows Ind AS, and key financial ratios are not representative of actual cash flows

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	May 29, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long Term	0.00	[ICRA]A (Stable)	-	-	Mar 27, 2024	[ICRA]BBB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Issuer rating	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Issuer rating**	NA	NA	NA	-	[ICRA]A (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	RIIT Ownership	Consolidation Approach
Hazaribagh Ranchi Expressway Limited (HREL)	99.99%	Full Consolidation
Pune Sholapur Road Development Company Limited (PSRDCL)	90.91%	Full Consolidation
Moradabad Bareilly Expressway Limited (MBEL)	100.00%	Full Consolidation
Sikar Bikaner Highway Limited (SBHL)	100.00%	Full Consolidation
Thiruvananthapuram Road Development Company Limited (TRDCL)	50.00%	Full Consolidation
Barwa Adda Expressway Limited (BAEL)	100.00%	Full Consolidation

Source: Company

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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