

July 18, 2025

## Kokhraj Handia Expressway Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based - Term loan	1600.00	1589.65	[ICRA] AA (Stable); reaffirmed
Long-term – Non-fund based - Bank guarantee	30.00	20.00	[ICRA] AA (Stable); reaffirmed
<b>Total</b>	<b>1630.00</b>	<b>1609.65</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation for Kokhraj Handia Expressway Private Limited (KHEPL) factors in the favourable location and operational nature of the project stretch with a tolling track record of ~10 years. The stretch is part of the Golden Quadrilateral project, which connects Agra to Kolkata and comprises Prayagraj Bypass section of NH19. The project was awarded under the Toll, Operate and Transfer (TOT) by the National Highways Authority of India (NHAI, rated [ICRA]AAA (Stable)) with an appointed date of April 01, 2024. The toll revenues stood at Rs. 254.29 crore in FY2025 and are estimated to increase to more than Rs. 270 crore in FY2026, driven by an average toll rate hike of 4% and rise in traffic by 3-4%. The rating is supported by healthy projected debt service coverage metrics with cumulative debt service coverage ratio (DSCR) of more than 1.75 times for the debt tenure. The long debt tenure, presence of three months of debt service reserve (DSR) created upfront and the undertaking from sponsor for supplementing any shortfall in cost overruns for the scheduled initial capex and rectification expenses provides comfort. The rating favourably factors in the reputed sponsor profile, Cube Highways and Infrastructure V Pte. Ltd (CH5, part of the Cube Highways Group) and its experience in operating varied road assets in India.

The rating is, however, constrained by the potential risk of traffic diversion due to the upcoming Ganga Expressway (GEW), which is expected to become operational in 2026. At present, majority of the traffic on the project stretch comprises commercial traffic and accounts for more than 85% of the revenues. The traffic between Delhi and Kolkata is distributed between the project stretch (Delhi–Agra–Kanpur–Prayagraj–Varanasi–Kolkata corridor) and the Delhi–Moradabad–Lucknow–Sultanpur–Kolkata route. Once GEW opens, some of the traffic may shift to this new expressway, which connects Meerut to Prayagraj and intersects the existing project stretch near Nawabganj and Soraon, bypassing three toll plazas over approximately 33 kms. This shift is projected to moderate the five-year average DSCR to around 1.4 times. While ICRA has incorporated the likely impact of GEW into its base case traffic and revenue estimates for KHEPL, any significant shift in the traffic diversion resulting in material weakening of debt coverage metrics will remain a key rating sensitivity. Further, Eastern Dedicated Freight Corridor (EDFC) is partially commissioned and is projected to be fully operational after FY2029. Given the commodity profile and trip characteristics, a modest traffic diversion is expected once it is fully operational, and the extent of the impact remains monitorable. ICRA notes the possible negative impact of the stretch post the completion of GEW-Phase 2 (connecting Prayagraj with Varanasi). Nevertheless, it is in nascent stages and hence it has not been factored in ICRA's base case estimates and hence remains a key rating monitorable.

This apart, there are risks associated with a toll road project, including traffic growth, wholesale price index (WPI)-linked toll rates and risk of toll leakages. KHEPL is likely to complete the mandatory capex for the project by H1 FY2026, and any additional works to be executed will be funded through surplus from project cash flows or promoters' contribution.

The Stable outlook on the rating reflects ICRA's opinion that KHEPL will benefit from the importance of the project stretch, which will support the traffic and help in maintaining adequate debt coverage metrics.

## Key rating drivers and their description

### Credit Strengths

**Operational nature of project with established traffic** – The project stretch is located on Prayagraj (Allahabad) Bypass section of NH19, which connects Agra to Kolkata and is a part of the Golden Quadrilateral project. The project stretch has a tolling track record of ~10 years and was awarded under the TOT mode by the NHAI with an appointed date of April 01, 2024. The toll revenues stood at Rs. 254.29 crore in FY2025 and are estimated to increase to around Rs. 270 crore in FY2026, driven by an average hike of 4% in toll rates from April 01, 2025, and rise in traffic by 3-4%.

**Comfortable debt coverage metrics** – KHEPL is expected to have a comfortable debt coverage metrics with cumulative DSCR of more than 1.75 times for the debt tenure and the flexibility arising out of the three-year tail period. Further, the presence of structural features including escrow mechanism, cash flow waterfall, presence of three months of DSR created upfront, and provision of creation of major maintenance reserve (MMR) offer comfort. The rating factors in the undertaking from sponsor for supplementing any shortfall in the cost overruns for the initial capex and rectification, restricted payment clause with a minimum DSCR of 1.15 times, which provides credit support.

**Strong profile of sponsor** – KHEPL is owned by CH5. The strong profile of the sponsor group, having an established track record of asset management in the infrastructure space across the globe and its experience in operating road assets in India, provides comfort.

### Credit challenges

**Exposed to alternative route risk** – The project has potential risk of traffic diversion due to the upcoming Ganga Expressway (GEW), which is expected to become operational in 2026. At present, traffic between Delhi and Kolkata is distributed between the project stretch (Delhi–Agra–Kanpur–Prayagraj–Varanasi–Kolkata corridor) and the Delhi–Moradabad–Lucknow–Sultanpur–Kolkata route. Once GEW opens, some of the traffic may shift to this new expressway, which connects Meerut to Prayagraj and intersects the existing project stretch near Nawabganj and Soraon, bypassing three toll plazas over approximately 33 kms. This shift is projected to moderate the average five-year DSCR to around 1.4 times. While ICRA has incorporated the likely impact of GEW into its base case traffic and revenue estimates for KHEPL, any significant shift in the traffic diversion resulting in weakening of debt coverage metrics will remain a key rating sensitivity. Further, EDFC is partially commissioned and is estimated to be fully operational after FY2029. Given the commodity profile and trip characteristics, a modest traffic diversion is expected once it is fully operational, and the extent of the impact remains monitorable.

**Ensuring routine and periodic maintenance expense within budgeted levels along with residual execution risks** – In the absence of a pre-defined major maintenance (MM) schedule, periodic maintenance is required on a need basis, which may result in volatility in operating expenses. ICRA notes that part of the first MM cost is planned to be funded through debt. Going forward, undertaking routine and periodic maintenance within the budgeted costs would remain important. Any significant upward revision to the operation and maintenance (O&M) and MM rates impacting KHEPL's cash flows will remain a key monitorable. ICRA has taken comfort from the healthy projected cash flow, while keeping cushion in the cost estimates for undertaking the O&M and MM expenditure.

**Risk inherent in BOT toll road projects** – The project remains exposed to risks inherent in BOT toll road projects, including risks arising from variation in traffic volumes over the project stretch and its dependence on economic activity in the surrounding regions. The project is vulnerable to movement in WPI (for toll rate hike), political acceptability of toll rate hike over the concession period, user willingness to pay and likelihood of toll leakages. Further, despite the favourable location of the project stretch, it remains exposed to the risks of development of alternative routes/modes of transportation.

## Liquidity position: Adequate

KHEPL has a free cash balance of Rs. 108.80 crore and a debt service reserve of Rs. 43.0 crore (equivalent to three months of principal + interest obligations) as on June 13, 2025. The estimated cash flow from operations is likely to be sufficient to meet the debt servicing requirements. It has ~Rs. 150 crore of debt obligations in FY2026, which can be met through its cash flow from operations.

## Rating sensitivities

**Positive factors** – The rating maybe upgraded if there is higher-than-expected improvement in traffic and toll collections, while keeping the O&M costs within the budgeted levels, such that the average DSCR over the next five years improves above 1.65 times.

**Negative factors** – The rating may be downgraded if the growth in toll collections is lower than envisaged or if the O&M expenditure is higher than the budgeted levels, resulting in pressure on the debt coverage metrics, such that the average DSCR over the next five years falls below 1.30 times. The rating could come under pressure if there is any non-adherence or dilution of the debt structure or increase in indebtedness.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Roads – BOT Toll</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Incorporated on November 10, 2023, Kokhraj Handia Expressway Private Limited (KHEPL) is a special purpose vehicle (SPV) promoted by Cube Highways and Infrastructure V Pte Ltd (CH5) to operate a four-laned closed tolling section, on National Highway (NH) 19 from 628.753 km to 713.215 km (84.462kms) in Uttar Pradesh on tolling, operation, maintenance and transfer (TOT) basis. It is a part of Delhi to Kolkata Golden Quadrilateral network of National Highways in India. The concession agreement (CA) was executed between KHEPL and National Highways Authority of India (NHAI) in November 2023, for a concession period of 20 years from the appointed date. The appointed date is April 1, 2024, and tolling commenced from this date.

The project stretch consists of two main toll plazas and four interchange ramp plazas. A new interchange plaza is planned at the junction of Ganga Expressway at km 664, between Nawabganj and Soraon interchanges. The interchange is expected to be developed as a part of Ganga Expressway.

## Key financial indicators

	FY2025*
Operating income	254.6
PAT	34.3
OPBDIT/OI (%)	83.5%
PAT/OI (%)	13.5%
Total outside liabilities/Tangible net worth (times)	11.6
Total debt/OPBDIT (times)	10.4
Interest coverage (times)	1.5

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

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

**Any other information:** The debt structure has a put option available for the lenders at the end of the seventh year and every year thereafter from the date of first disbursement and a credit rating linked event of default, which if materialises, could expose the company to refinancing risk. However, it shall have a refinance window of 120 days for put option / cure period of 30 days for credit rating linked default, which mitigates the risk to an extent.

The Borrower shall also have a Call Option at the end of seventh year and tenth year from date of first disbursement. The Borrower shall have a timeline of 120 days from its notice of exercise of such Call Option for honouring the prepayment.

### Rating history for past three years

Instrument	FY2026			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	July 18, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Non-fund based - Bank guarantee</b>	Long Term	20.00	[ICRA]AA (Stable)	April 24, 2024	[ICRA]AA (Stable)	Feb 19, 2024	Provisional [ICRA]AA (Stable)	-	-
<b>Fund-based -Term loan</b>	Long Term	1,589.65	[ICRA]AA (Stable)	April 24, 2024	[ICRA]AA (Stable)	Feb 19, 2024	Provisional [ICRA]AA (Stable)	-	-

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based - Term loan	Moderately Complex
Long-term non-fund based - Bank guarantee	Very Simple

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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based / Term loan	March 2024	NA	March 2041	1589.65	[ICRA]AA (Stable)
NA	Non-fund based / Bank guarantee	March 2024	-	-	20.00	[ICRA]AA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis: Not Applicable**

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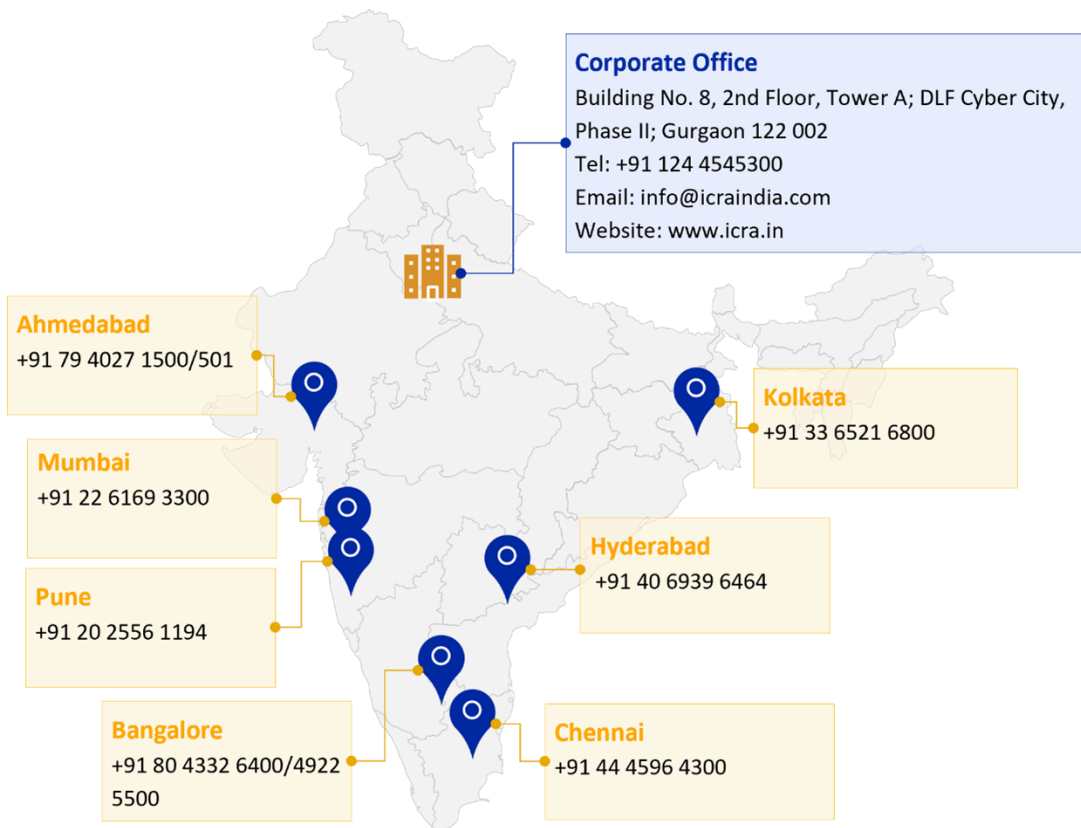
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