August 05, 2026

Kokhraj Handia Expressway Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Fund-based – Term loan	1,589.65	1,563.75	[ICRA]AA (Stable); reaffirmed	RBI
Long-term – Non-fund-based – Bank Guarantee	20.00	20.00	[ICRA]AA (Stable); reaffirmed	RBI
Total	**1,609.65**	**1,583.75**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The rating reaffirmation for Kokhraj Handia Expressway Private Limited (KHEPL) factors in the established operational track record and strategic location of the project stretch along National Highway (NH) 19, which is part of the Golden Quadrilateral corridor connecting Delhi/Agra and Kolkata. The project comprises the Prayagraj Bypass section of NH-19 and benefits from stable traffic demand owing to its importance as a key freight and passenger transportation corridor. The ratings also derive comfort from the operational nature of the asset with a tolling track record of more than 10 years (including operational track record prior to awarding the under operate, maintain, transfer (OMT) model). The toll revenues grew by 4% in FY2026 to Rs. 263.4 crore from Rs. 254.3 crore in FY2025, supported by wholesale price index (WPI) linked toll rate hike of around 3.5%. Further, the toll collections in Q1 FY2027 grew 12% to around Rs. 73 crore from Rs. 65 crore in Q1 FY2026 on the back of healthy traffic growth of 10% during the same period. ICRA expects the toll collections to be around Rs. 275 crore in FY2027, driven by an average toll rate hike of around 3.5%. The rating is supported by comfortable projected debt service coverage metrics with cumulative debt service coverage ratio (DSCR) of more than 1.75 times for the debt tenure. Further, the structural features of debt servicing, including an escrow mechanism, cash flow waterfall, a three months' debt service reserve (DSR) created upfront, and provision for creating a major maintenance reserve (MMR), provides comfort. The rating favourably factors in the reputed sponsor profile, Cube Highways and Infrastructure V Pte. Ltd. (CH5; rated [ICRA]AA (Stable)), part of the Cube Highways Group, and its experience in operating varied road assets in India.

The ratings are, however, constrained by the exposure of the project to potential traffic diversion risks arising from the commencement of the Ganga Expressway (GEW) stretch in April 2026. While the project stretch has reported healthy traffic growth in Q1 FY2027, aided by improved regional connectivity following the commissioning of GEW Phase I, some of the traffic is expected to shift to the new expressway over the near to medium term and the extent of the diversion is a key rating monitorable. The project derives more than 85% of its toll revenues from commercial vehicles and caters to long-haul traffic moving along the Delhi–Agra–Kanpur–Prayagraj–Varanasi–Kolkata corridor. GEW provides an alternative connectivity route between Meerut and Prayagraj and intersects the project stretch near Nawabganj and Soraon, thereby bypassing three toll plazas over approximately 33 km. Accordingly, ICRA has factored the expected impact of traffic diversion into its base case traffic scenario and revenue assumptions, which are projected to moderate the project's debt protection metrics in the medium term. Any traffic diversion materially higher than ICRA's expectations, resulting in a significant deterioration in debt coverage indicators, will remain a key rating sensitivity. Nevertheless, the comfortable debt coverage metrics of the project provide comfort.

The ratings also remain exposed to the potential impact of competing transportation infrastructure developments, including the Eastern Dedicated Freight Corridor (EDFC), which is partially operational and is expected to be fully commissioned after

FY2029. While modest traffic diversion is currently envisaged, considering the commodity mix and trip profile on the project stretch, the actual impact will remain monitorable. Further, the proposed Phase II of GEW, connecting Prayagraj and Varanasi, could adversely affect the long-term traffic profile of the asset upon completion. However, given the early stage of development and limited visibility on timelines and traffic implications, the same has not been factored into ICRA's base case projections and, hence, the materialisation of the same remains to be seen.

In addition, there are typical risks associated with a toll road project, including traffic growth, WPI-linked toll rates and risk of toll leakages. KHEPL is likely to complete the balance capex for the project over the next two years, and any additional works to be executed will be funded through surplus from project cash flows or promoters' contribution, as needed.

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

Key rating drivers and their description

Credit strengths

Operational nature of project with established traffic – The project stretch is located along the Prayagraj (Allahabad) Bypass section of NH-19, which connects Delhi/Agra to Kolkata and is a part of the Golden Quadrilateral project. The project stretch has an established toll collection track record of more than 10 years, given that the stretch operated under an OMT model prior to the Toll-Operate-Transfer (TOT) award to KHEPL by the NHAI (rated [ICRA]AAA(Stable)) with an appointed date of April 01, 2024. The corridor serves the traffic originating from key economic centres of the Delhi National Capital Region (NCR), Haryana, Punjab and western Uttar Pradesh that is destined towards eastern states like Bihar, Jharkhand and West Bengal. The toll revenues grew by 4% in FY2026 to reach Rs. 263.40 crore from Rs. 254.29 crore in FY2025 and are estimated to increase to more than Rs. 275 crore in FY2027, driven by an average toll rate hike of around 3.5%.

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 structural features of its debt servicing ability, including an escrow mechanism, cash flow waterfall, three months' DSR created upfront, and provision for creating an MMR, offers comfort. The rating factors in the undertaking from KHEPL's sponsor for supplementing any shortfall in cost overruns for the initial capex and rectification, and restricted payment clause with a minimum DSCR of 1.15 times, which provides credit support.

Strong profile of sponsor – KHEPL is owned by CH5, part of the Cube Highways Group. The strong profile of the sponsor group, with an established track record of asset management in the infrastructure space across the globe, and its experience in operating varied road assets in India provide comfort and support the company's ability to maintain the stretch as per the concession agreement.

Credit challenges

Exposed to alternative route risk – The project faces the potential risk of traffic diversion from GEW, which has become operational from April 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. Although the traffic has seen a positive impact in Q1 FY2026 due to GEW, some of the traffic is expected to shift to the new expressway over the course of time, which connects Meerut to Prayagraj and intersects the existing project stretch near Nawabganj and Soraon, bypassing three toll plazas over approximately 33 km. 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 scenario 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.

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. 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 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 TOT toll road projects – The project remains exposed to risks inherent in TOT 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 hikes), 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 new alternative routes/modes of transportation.

Liquidity position: Adequate

KHEPL had free cash balance of Rs. 160.36 crore and a debt service reserve of Rs. 45.0 crore (equivalent to three months of principal and interest obligations) as on June 19, 2026. The estimated cash flow from operations is likely to be sufficient to meet the debt servicing requirements. It has around Rs. 164.5 crore of debt obligations (including interest) in FY2027, which can be met through its cash flow from operations.

Rating sensitivities

Positive factors – The rating may be 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	Corporate Credit Rating Methodology Roads - BOT Toll
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated on November 10, 2023, Kokhraj Handia Expressway Private Limited is a special purpose vehicle (SPV) floated by Cube Highways and Infrastructure V Pte Ltd. to operate a four-lane, closed tolling section (84.462 km) along NH-19, from 628.753 km to 713.215 km in the state of Uttar Pradesh on a TOT basis. The stretch is part of the Golden Quadrilateral network of National Highways in India. The concession agreement was executed between KHEPL and National Highways Authority of India in November 2023, for a concession period of 20 years from the appointed date of April 1, 2024.

The project stretch consists of two main toll plazas and four interchanges ramp plazas. A new interchange plaza at the junction of Ganga Expressway at the 664-km point, between Nawabganj and Soraon interchanges, has commenced from April 29, 2026, with GEW becoming operational. The interchange has been developed as part of GEW, constructed by its EPC contractor. The toll collections at the new interchange plaza accrue to KHEPL.

Key financial indicators

KHEPL (Standalone)	FY2025	FY2026*
Operating income	254.5	265.0
PAT	-154.3	-102.2
OPBDIT/OI	62.4%	80.8%
PAT/OI	-60.6%	-38.6%
Total outside liabilities/Tangible net worth (times)	687.7	-23.8
Total debt/OPBDIT (times)	13.9	10.2
Interest coverage (times)	0.7	1.0

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

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 disbursal and a credit rating linked event of default, which if it 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 the seventh and tenth years 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

	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	August 05, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based - Bank guarantee	Long term	20.00	[ICRA] AA (Stable)	Jul 18, 2025	[ICRA] AA (Stable)	Apr 24, 2024	[ICRA] AA (Stable)	Feb 19, 2024	Provisional [ICRA]AA (Stable)
Fund-based -Term loan	Long term	1563.75	[ICRA] AA (Stable)	Jul 18, 2025	[ICRA] AA (Stable)	Apr 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	Simple
Long-term – Non-fund-based – Bank Guarantee	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	Financial Sector Regulator#
NA	**Fund-based / Term loan**	March 2024	NA	March 2041	1,563.75	[ICRA] AA (Stable)	RBI
NA	**Non-fund-based / Bank Guarantee**	March 2024	-	-	20.00	[ICRA] AA (Stable)	RBI

Source: Company

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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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