

Dated: August 08, 2024

To,
The Secretary
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Mumbai -400051.

Sub.: Information on review of Rating of non-convertible debt securities by the rating agency pursuant to Regulation 55 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

In terms of provisions of Regulation 55 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that rating of the listed Non-Convertible Debentures of the Company was reviewed by Care Ratings Limited on August 06, 2024. There is no change in the rating and they reaffirmed the same (Press Release of the same is enclosed herewith).

This is for your information and record please.

Thanking you,
Yours faithfully,

For **Oriental Nagpur Betul Highway Limited**



Amit Kumar
Company Secretary & Compliance Officer



Encl.: As Above

Oriental Nagpur Betul Highway Limited

August 06, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-convertible debentures	1,276.57 (Reduced from 1,466.49)	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	140.39 (Reduced from 161.27)	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	74.86 (Reduced from 86.06)	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to long-term non-convertible debentures (NCDs) of Oriental Nagpur Betul Highway Limited (ONBHL) continue to derive strength from the fixed-annuity structure of the concession precluding traffic risks. This is further strengthened by the strong credit profile of the annuity provider, National Highways Authority of India (NHAI; rated 'CARE AAA; Stable').

The project continues to witness a track record of timely receipt of 19 semi-annual annuities without significant deductions. The rating positively factors structural safeguards in place, such as a trustee-administered escrow payment mechanism with a predefined waterfall covering utilisation of annuity receipts. Presence of a debt service reserve account (DSRA) equivalent to the peak amount of ensuing nine months principal and interest payments, a pre-defined appropriation of funds into a major maintenance reserve account (MMRA), a construction reserve account to address pending work of toll plaza, and an additional reserve account to meet contingent requirements for the project's maintenance are also considered. The fixed coupon NCDs eliminate risk of interest rate fluctuations, which is a credit positive.

These strengths are partially offset by inherent operations and management (O&M) risks and major maintenance risks. CARE Ratings Limited (CARE Ratings) takes note of the residual construction risk per the Settlement Agreement signed between ONBHL and NHAI in March 2022. ONBHL may need to construct a permanent toll plaza (TP) at a location determined by the Authority (with a temporary toll plaza currently in operation) at its own expense, when the land is provided by the Authority. In this context, ONBHL has an adequate construction reserve (₹8.73 crore as of June 30, 2024), mitigating residual construction risk.

Rating sensitivities: Factors likely to lead to rating actions

Negative factors

- Deteriorating credit risk profile of the annuity provider, NHAI.
- Non-adherence to waterfall mechanism and non-compliance with covenants per terms of NCDs including continued maintenance of reserves, including DSRA, MMRA and additional reserve at all times and not meeting restricted payment conditions.
- Significantly increasing routine and major maintenance (MM) expenses from envisaged levels or deteriorating riding quality of the stretch resulting in significant deduction of annuities and DSCR falling below 1.10x.

Analytical approach:

Standalone

Outlook: Stable

The 'Stable' outlook assigned to instruments of ONBHL considers CARE Ratings' expectation of timely receipt of annuities without deductions and continued maintenance of adequate liquidity mechanism such as DSRA, MMRA, Construction Reserve and Additional Reserve.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

Detailed description of key rating drivers:**Key strengths****Stable long-term revenue visibility due to underlying annuities**

ONBHL is an annuity-based project, under which, the company receives fixed semi-annual annuity of ₹290.80 crore from a strong counterparty-NHAI, in the concession period, providing visibility of stable long-term revenues. Since ONBHL does not bear traffic risk, the project is not exposed to demand risks. There is also an established track record of timely receipt of 19 semi-annual annuities from NHAI, without delays or deductions. In line with the change in taxation regime, ONBHL is receiving 18% GST on annuities, which shall have a credit-neutral impact on the company's cash flows.

Low counterparty credit risk

Incorporated by the GoI under an Act of the Parliament as a statutory body, the NHAI functions as the nodal agency for the development, maintenance, and management of the national highways in the country. Outlook on NHAI reflects the outlook on the sovereign, whose direct and indirect support continues to be the key rating driver.

Structured payment mechanism in place

Ratings derive comfort from the presence of a pre-defined waterfall arrangement through a 'Trust and Retention Account', where annuity payments are utilised for NCD payments after meeting statutory dues, O&M and NHAI payments as defined under the waterfall mechanism. The company has already created a DSRA of ₹287.18 crore covering peak amount of ensuing nine months of principal and interest payments, a construction reserve account of ₹8.73 crore for the balance toll plaza construction and an additional reserve of ₹25.00 crore to meet exigencies towards maintenance of the project. Presence of these reserves provides adequate liquidity in case of contingencies. Restricted payments are permitted only when financial covenants are complied with, including at least 1.05x DSCR on two consecutive testing dates.

Experienced O&M contractor with established track record in infrastructure sector

Oriental Infra Trust's (OIT) project manager, Oriental Structural Engineers Private Limited (OSEPL) is the O&M and MM contractor for ONBHL. OSEPL has a track record of about five decades in the construction industry with expertise and experience in highways and airfield works. OSEPL and its wholly owned subsidiary Oriental Tollways Private Limited (OTPL) have significant presence in roads and highways segment. The company has been involved in construction of major infrastructure projects in the past and has a long track record of completing infrastructure projects including road build-operate-transfer (BOT) projects developed under SPVs. As of June 30, 2024, OIT has six operational SPVs (one annuity road project and five toll road projects).

Absence of interest rate risk

The NCDs have a fixed coupon rate throughout their tenure, which mitigates the risk of fluctuation in the interest rate. Although Series B and Series C NCDs are subordinate to Series A NCDs and are placed lower in the waterfall, comfortable coverage indicators and presence of DSRA and other reserves for the entire NCD issue provide adequate cushion.

Cushion between annuity receipt date and debt repayment date and comfortable tail period

Post the settlement agreement signed with NHAI in March 2022, there has been preponement in due dates of annuities from April 2022. Earlier, annuities were due on February 18th and August 18th every year. However, due dates of annuity receipts have been revised to April 11th and October 11th every year against due date of repayment of NCDs on September 30th and March 30th every year, leaving a cushion of 5.5 months to mitigate operational delays in receipt of annuities. With trustee-administered TRA in place, the company has maintained a separate fund of ₹177.50 crore for payment of interest and principal instalment due till the receipt of the next annuity.

Last NCD repayments are due on March 30, 2030; while last annuity is expected to be received on April 11, 2031, leaving tail period of three annuities that shall provide sufficient financial flexibility to the project and is therefore viewed positively.

Key weaknesses

Exposure to O&M and MM risks

The company is exposed to the inherent O&M risks associated with the operational BOT road projects, including the risk of increase in the O&M and MM expenses. ONBHL has entered into a fixed-price O&M and major maintenance contract with OSEPL subject to pre-defined yearly price escalation clause mitigates the risk to an extent. Additionally, in the base case, CARE Ratings has assumed O&M and MM outgo in line with its industry aggregates for similar projects rated by CARE Ratings and expects the coverage indicators to remain strong.

ONBHL completed the first MM in FY19-FY20 within the budgeted expenditure. Second MM commenced in Q1FY24, which is due in FY25-FY26. ONBHL is maintaining an adequate MMRA of ₹216.53 crore as of June 30, 2024, which mitigates MM risk to a considerable extent. Per the base case business plan, third cycle of MM works is due FY31-FY32, which is beyond the NCD repayment tenure and shall be adequately funded using semi-annual annuities in the tail period.

Susceptible to risks related to pending construction

Pursuant to the Settlement Agreement, construction of the toll plaza on the Maharashtra section is still pending, which has been delayed due to non-availability of right of way (RoW) from NHAI. In this regard, ONBHL is maintaining Construction Reserve and based on terms of the DTD, ONBHL shall utilise the Construction Reserve only after receiving approval from NHAI for commencing pending construction, and the land required for it becoming available. The presence of adequate reserve and shortfall undertaking from OIT towards the completion of pending project construction works largely mitigates residual construction risk.

Liquidity: Strong

The company has strong liquidity position and has been receiving semi-annual annuity of ₹290.80 crore (₹581.60 crore every year) in full, without delays. The company is maintaining a DSRA balance of ₹287.18 crore equivalent to nine months of peak, ensuing principal and interest payment, construction reserve of ₹8.73 crore, additional reserve of ₹25.00 crore, MM reserve of ₹216.53 crore, funds of ₹177.50 crore towards payment of interest and principal instalment due till receipt of the next annuity and ₹31.43 crore of funds towards statutory dues as on June 30, 2024.

Assumptions/covenants

Name of the Instrument	Detailed explanation
A. Financial covenants	
Debt service coverage ratio	Debt service coverage ratio (DSCR) shall not be lower than 1.05 in the tenor of the NCD.
B. Non-financial covenants	
O&M contract and MM contract	<p>a. The debenture holders (acting through the Trustee) will have an unconditional right to replace/ substitute a contractor and appoint such other person in its place at any time on the occurrence of any of the following events:</p> <p>(i) If in the opinion of the Trustee (acting on approved instructions), the contractor is unable to carry on the relevant activities in accordance with the project agreements; or</p> <p>(ii) if either the NHAI or independent consultant (appointed by the trustee) has informed the company or other project participants about non-compliance with project agreement, or the O&M Contractor fails to comply with notice/ intimation by the Independent Engineer in relation to O&M of the project, within the period (as may be extended) stipulated in such notice/intimation.</p>

Environment, social, and governance (ESG) risks

Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Annuity Road Projects](#)

[Infrastructure Sector Ratings](#)

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Services	Services	Transport infrastructure	Road assets–toll, annuity, hybrid-annuity

ONBHL is a SPV promoted by Oriental Tollways Private Limited (OTPL, a wholly owned subsidiary of OSEPL) holding 73.97% stake and OSEPL holding 26.03% stake to undertake 'Four laning of Nagpur-Saoner-Betul Section of NH-69 from 3.000 km to 59.300 km in Maharashtra and 137.000 km to 257.400 km in Madhya Pradesh on DBFOT (Annuity) basis'.

In June 2019, OSEPL had sold five assets to Oriental Infra Trust (InvIT), of which ONBHL was one of the assets.

Per the concession agreement (CA) signed between NHAI and ONBHL on August 30, 2010, the concession period is 20 years (including a construction period of 3.5 years) from the appointed date (January 20, 2012). Scheduled date of project completion (SPCD) was July 17, 2015. However, ONBHL received provisional commercial operations date (PCOD) on February 18, 2015, which was five months ahead of SPCD. Total project cost of ₹3,515 crore was financed through term debt of ₹2,790 crore and equity and subordinate debt from the promoters of ₹362.50 crore each.

Till July 2024, ONBHL received 19 semi-annual annuities and a bonus annuity from NHAI. Series A and Series B NCDs were issued by the company to refinance existing debt and to invest in other projects of the group per the approval of NHAI and Series C was issued for investment as equity in the under-construction Binjabahal-Telebani project.

Post signing of Settlement Agreement between NHAI and ONBHL, annuity payment schedule has been revised, where due dates for annuities shall now be due on 11th of April and 11th of October every year against earlier due dates of 18th of February and 18th of August of every year.

Brief Financials (₹crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	416.53	391.83
PBILDT	355.16	344.00
PAT	213.20	197.30
Overall gearing (times)	1.65	1.91
Interest coverage (times)	1.61	1.71

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹crore)	Rating assigned along with Rating Outlook
Debentures- Non-convertible debentures (Series A)	INE105N07167	16-Nov-16	8.28%	30-Sep-24	98.49	CARE AAA; Stable
	INE105N07175	16-Nov-16	8.28%	30-Mar-25	102.76	CARE AAA; Stable
	INE105N07183	16-Nov-16	8.28%	30-Sep-25	118.20	CARE AAA; Stable
	INE105N07191	16-Nov-16	8.28%	30-Mar-26	123.25	CARE AAA; Stable
	INE105N07209	16-Nov-16	8.28%	30-Sep-26	125.27	CARE AAA; Stable
	INE105N07217	16-Nov-16	8.28%	30-Mar-27	105.94	CARE AAA; Stable
	INE105N07225	16-Nov-16	8.28%	30-Sep-27	93.37	CARE AAA; Stable
	INE105N07233	16-Nov-16	8.28%	30-Mar-28	97.40	CARE AAA; Stable
	INE105N07241	16-Nov-16	8.28%	30-Sep-28	98.41	CARE AAA; Stable
	INE105N07258	16-Nov-16	8.28%	30-Mar-29	102.68	CARE AAA; Stable
	INE105N07266	16-Nov-16	8.28%	30-Sep-29	103.54	CARE AAA; Stable
	INE105N07274	16-Nov-16	8.28%	30-Mar-30	107.26	CARE AAA; Stable
Debentures- Non-convertible debentures (Series B)	INE105N07431	16-Nov-16	8.78%	30-Sep-24	10.83	CARE AAA; Stable
	INE105N07449	16-Nov-16	8.78%	30-Mar-25	11.30	CARE AAA; Stable
	INE105N07456	16-Nov-16	8.78%	30-Sep-25	13.00	CARE AAA; Stable
	INE105N07464	16-Nov-16	8.78%	30-Mar-26	13.55	CARE AAA; Stable
	INE105N07472	16-Nov-16	8.78%	30-Sep-26	13.77	CARE AAA; Stable
	INE105N07480	16-Nov-16	8.78%	30-Mar-27	11.65	CARE AAA; Stable
	INE105N07498	16-Nov-16	8.78%	30-Sep-27	10.27	CARE AAA; Stable
	INE105N07506	16-Nov-16	8.78%	30-Mar-28	10.71	CARE AAA; Stable
	INE105N07514	16-Nov-16	8.78%	30-Sep-28	10.82	CARE AAA; Stable
	INE105N07522	16-Nov-16	8.78%	30-Mar-29	11.29	CARE AAA; Stable
	INE105N07530	16-Nov-16	8.78%	30-Sep-29	11.38	CARE AAA; Stable
	INE105N07548	16-Nov-16	8.78%	30-Mar-30	11.82	CARE AAA; Stable
Debentures- Non-convertible debentures (Series C)	INE105N07688	26-Dec-17	9.00%	30-Sep-24	5.80	CARE AAA; Stable
	INE105N07696	26-Dec-17	9.00%	30-Mar-25	6.00	CARE AAA; Stable
	INE105N07704	26-Dec-17	9.00%	30-Sep-25	6.90	CARE AAA; Stable
	INE105N07712	26-Dec-17	9.00%	30-Mar-26	7.20	CARE AAA; Stable
	INE105N07720	26-Dec-17	9.00%	30-Sep-26	7.40	CARE AAA; Stable
	INE105N07738	26-Dec-17	9.00%	30-Mar-27	6.20	CARE AAA; Stable
	INE105N07746	26-Dec-17	9.00%	30-Sep-27	5.50	CARE AAA; Stable
	INE105N07753	26-Dec-17	9.00%	30-Mar-28	5.70	CARE AAA; Stable
	INE105N07761	26-Dec-17	9.00%	30-Sep-28	5.80	CARE AAA; Stable
	INE105N07779	26-Dec-17	9.00%	30-Mar-29	6.00	CARE AAA; Stable
	INE105N07787	26-Dec-17	9.00%	30-Sep-29	6.10	CARE AAA; Stable
	INE105N07795	26-Dec-17	9.00%	30-Mar-30	6.26	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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Debentures-Non-convertible debentures	LT	1276.57	CARE AAA; Stable	-	1)CARE AAA; Stable (08-Aug-23)	1)CARE AAA; Stable (11-Aug-22)	1)CARE AAA; Stable (06-Sep-21)
2	Debentures-Non-convertible debentures	LT	140.39	CARE AAA; Stable	-	1)CARE AAA; Stable (08-Aug-23)	1)CARE AAA; Stable (11-Aug-22)	1)CARE AAA; Stable (06-Sep-21)
3	Debentures-Non-convertible debentures	LT	74.86	CARE AAA; Stable	-	1)CARE AAA; Stable (08-Aug-23)	1)CARE AAA; Stable (11-Aug-22)	1)CARE AAA; Stable (06-Sep-21)

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	Debentures-Non-convertible debentures	Complex

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

Note on complexity levels of rated instruments: CARE 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

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Analytical Contacts Rajashree Murkute Senior Director CARE Ratings Limited Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in Maulesh Desai Director CARE Ratings Limited Phone: +91-79-4026 5656 E-mail: maulesh.desai@careedge.in Prasanna Krishnan Lakshmi Kumar Associate Director CARE Ratings Limited Phone: +91-120-4452014 E-mail: prasanna.krishnan@careedge.in
---	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**