Rating Rationale

11 August 2026

National Highways Authority of India (NHAI)

Brickwork Ratings (BWR) has reaffirmed the Long-Term rating of BWR AAA (Stable) for the Tax-Free Bonds amounting to Rs. 2,921.83 crore of the National Highways Authority of India (NHAI):

Instrument	Previous Amount (Rs. Crs.)	Present Amount (Rs. Crs.)	Previous Rating (August 13, 2025)	Present Rating	Regulator
Tax Free Bonds – Series IIA	1732.02	**1732.02**	BWR AAA/ Stable Reaffirmed	**BWR AAA /Stable Reaffirmed**	SEBI
Tax Free Bonds – Series IIB	1189.81	**1189.81**			
Total	2,921.83	**2,921.83**	**(Two Thousand Nine Hundred Twenty -One Crore and Eighty-Three Lakh)**		

*#Please refer to the BWR website **www.brickworkratings.com** for the definition of the rating assigned.*
***Details of Bank Loan facilities, consolidation, or instruments are provided in the Annexure*

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has reaffirmed the Long-Term rating of BWR AAA (Stable) for the Tax-Free Bonds amounting to Rs. 2,921.83 crore of the National Highways Authority of India (NHAI).
The rating reaffirmation reflects NHAI's strategic importance as the nodal highway development agency for the Government of India (GoI), backed by its statutory status under the National Highways Authority of India Act, 1988. The rating is underpinned by absolute sovereign integration and sustained fiscal backing via direct budgetary allocations, Central Road and Infrastructure Fund (CRIF) fuel cess transfers, and Additional Budgetary Support (ABS). Furthermore, operational liquidity is supported by steady cash flow transfers from an extensive national toll network, complemented by ongoing asset monetization under Toll-Operate-Transfer (TOT) and Infrastructure Investment Trust (InvIT) vehicles (such as NHIT and the public-listed Raajmarg Infra Investment Trust - RIIT). These non-borrowed capital realizations, alongside a policy mandate to enforce zero fresh market borrowings, continue to drive structural deleveraging and enhance financial flexibility.

These strengths are partially offset by a sizable remaining debt stock, near-term debt servicing obligations, and execution risks linked to large-scale infrastructure projects, including land acquisition and rising Hybrid Annuity Model (HAM) annuity commitments.

The Stable outlook reflects NHAI’s critical role as the central executing arm for national road infrastructure, continued sovereign support through predictable budgetary transfers, and steady progress in reducing market debt. The outlook also factors in expectations of sustained policy backing and well-funded capital outlays under central infrastructure programs.

KEY RATING DRIVERS

Credit Strengths-:

Strategic Importance and Sovereign Backing:

NHAI continues to play a pivotal role as the nodal highway development agency in India, executing core national infrastructure programs under the direct oversight of the Ministry of Road Transport and Highways (MoRTH). As a 100% GoI-owned statutory authority, NHAI benefits from absolute sovereign support via capital grants, fuel cess transfers, and Additional Budgetary Support (ABS). In FY2026, total sovereign capital support remained robust at Rs. 2,15,100.88 crore (FY2025: Rs. 2,19,053.25 crore; FY2024: Rs. 1,84,330.67 crore), comprising Central Road and Infrastructure Fund (CRIF) fuel cess receipts of Rs. 1,19,716.53 crore (FY2025: Rs. 1,17,950.00 crore; FY2024: Rs. 1,27,727.42 crore), toll plough-back allocations of Rs. 45,357.00 crore (FY2025: Rs. 45,000.00 crore; FY2024: Rs. 41,000.00 crore), and ABS allocations of Rs. 50,027.35 crore (FY2025: Rs. 56,103.25 crore).

Robust Capitalization Profile and Rapid De-leveraging:

NHAI's balance sheet strength has expanded significantly, supported by steady sovereign equity infusions and a policy mandate enforcing zero fresh market borrowings since April 2022. Driven by capital additions reaching Rs. 11,80,965.30 crore, Tangible Net Worth expanded to Rs. 11,73,456.25 crore as of March 31, 2026 (FY2025: Rs. 9,57,779.13 crore; FY2024: Rs. 7,24,084.96 crore). Concurrently, controlled execution and scheduled prepayments led to a 17.3% YoY reduction in total debt to Rs. 2,02,275.72 crore (FY2025: Rs. 2,44,604.07 crore; FY2024: Rs. 3,35,373.20 crore), strengthening the Debt-to-Equity ratio to 0.17x (FY2025: 0.26x; FY2024: 0.46x).

Proven Asset Monetisation Capability and Structured Strategy:

The authority has demonstrated proven capability in monetising operational road assets through Toll-Operate-Transfer (TOT) bundles, Infrastructure Investment Trusts (InvITs), and securitisation. In FY2026, total asset monetization streams mobilized Rs. 28,307 crore across public/private InvITs and TOT channels, approaching the GoI's budgeted annual target of Rs. 30,000 crore. Key achievements in FY2026 include the successful awarding of InvIT Round-5 (Rs. 6,366.98 crore across 310 km), the maiden public listing of the NHAI-sponsored Raajmarg Infra Investment Trust (RIIT) on the BSE (~Rs. 9,500 crore concession value; oversubscribed ~14 times), and TOT Bundle-18 (Rs. 3,087 crore). The structured Asset Monetisation Strategy targets Rs. 30,000–Rs. 40,000 crore annually, creating a sustainable, non-borrowed capital pipeline dedicated to debt retirement.

High Institutional Standing and Liquid Reserves:

NHAI maintains strong institutional standing among domestic and global financial investors, enabling steady capital mobilization across its public and private InvIT vehicles (including NHIT and RIIT). Liquidity remains healthy, backed by unencumbered cash and bank balances of Rs. 40,546.37 crore as of March 31, 2026 (FY2025: Rs. 45,754.73 crore; FY2024: Rs. 36,382.88 crore) and positive net operating cash flows of Rs. 733.21 crore (FY2025: Rs. 12,770.06 crore; FY2024: -Rs. 13,395.76 crore).

Credit Risk-:

Sizable Outstanding Debt Stock and Near-Term Servicing Obligations:

While NHAI has achieved substantial de-leveraging under the sovereign mandate restricting fresh market borrowings—reducing its total debt by 39.7% from a peak of Rs. 3,35,373.20 crore in FY2024 to Rs. 2,02,275.72 crore as of March 31, 2026 (FY2025: Rs. 2,44,604.07 crore)—its absolute debt stock remains elevated. Scheduled debt servicing (principal repayments and interest obligations) remains heavy at ~Rs. 59,200 crore for FY2027 (FY2026: Rs. 57,338.96 crore; FY2025: Rs. 63,513.22 crore; FY2024: Rs. 63,513.22 crore), with Current Maturities of Long-Term Debt (CPLTD) standing at Rs. 13,335 crore. Continued execution of the debt retirement roadmap to bring total market debt below Rs. 1.50 lakh crore by FY2028 remains a critical monitorable factor.

Project Execution Bottlenecks and Capital Inflation:

NHAI remains exposed to inherent execution risks across complex expressway corridors, primarily arising from land acquisition delays, environmental and forest clearances, utility shifting, and contractor capacity constraints. These operational bottlenecks impact completion timelines and inflate project budgets, as reflected in the expansion of Capital Work-in-Progress (CWIP) to Rs. 13,39,241.14 crore as of March 31, 2026 (FY2025: Rs. 11,53,281.08 crore; FY2024: Rs. 10,07,532.92 crore) alongside an expanded land acquisition budget allocation of Rs. 20,000 crore for FY2027 (+39.4% YoY).

Off-Balance Sheet Contingent Liabilities and Escalating Annuity Commitments:

The authority carries substantial off-balance-sheet commitments under the Hybrid Annuity Model (HAM). Cumulative HAM milestone construction outlays and operational annuity payments stood at Rs. 42,962.00 crore in FY2026 (FY2025: Rs. 42,962.00 crore). Alongside rising debt obligations over recent years, NHAI's contingent liabilities have also expanded significantly. As of March 31, 2025, NHAI reported contingent liabilities of Rs. 1,19,748 crore under active arbitration, in addition to Rs. 14,138 crore tied up in court cases (figures for FY2026 remain under compilation). These potential cash outflow risks from unresolved contractor claims require sustained backing from sovereign budgetary transfers, alongside the active deployment of disciplined dispute settlement frameworks (such as Dispute Resolution Boards, conciliation committees, and Vivad se Vishwas) to mitigate fiscal exposure.

ANALYTICAL APPROACH: Standalone

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale)

RATING SENSITIVITIES

Positive Sensitivities: *Not Applicable*

Negative Sensitivities:

- Any weakening of institutional or financial linkages with the Government of India (GoI), or a reduction in the timeliness or extent of GoI support.
- A decline in NHAI's strategic importance as the central/nodal agency responsible for National Highway infrastructure development in India.

LIQUIDITY INDICATORS: Strong

The liquidity profile of the National Highways Authority of India (NHAI) remains strong, underpinned by direct sovereign backing, a robust capitalization base with Tangible Net Worth expanding by 24.1% YoY to Rs. 1,188,718.75 crore, and liquid cash and bank balances of Rs. 40,546.37 crore as of March 31, 2026. Under the sovereign mandate restricting fresh marketplace borrowings, NHAI successfully reduced its total outstanding debt by 17.3% YoY to Rs. 2,02,275.72 crore. For FY2026–27, a gross budgetary support allocation of Rs. 1,87,293 crore from the Government of India (GoI), alongside budgeted fuel cess transfers and asset monetization proceeds—which mobilized Rs. 28,307 crore during the year via the National Highways Infra Trust (NHIT) and the public listing of the Raajmarg Infra Investment Trust (RIIT)—comfortably covers ongoing highway capital outlays and near-term debt servicing commitments (~Rs. 23,000 crore for FY2027, with CPLTD at Rs. 13,335 crore). Although toll collections are statutorily remitted into the Consolidated Fund of India (CFI), debt obligations are securely serviced through sovereign channels via capital grants and Additional Budgetary Support (ABS). NHAI maintains no active bank overdraft limits, relying on its internal cash reserves and continuous GoI support given its critical role as the nodal execution agency for national highway projects.

ABOUT THE ENTITY:

Macro Economic Indicator	Sector	Industry	Basic Industry
Services	Services	Transport Services	Road Assets – Toll, Annuity, Hybrid-Annuity

The National Highways Authority of India (NHAI) was established as an autonomous statutory body under the National Highways Authority of India Act, 1988, and became fully operational in February 1995. Functioning under the aegis of the Ministry of Road Transport & Highways (MoRTH), Government of India (GoI), NHAI serves as the nodal agency responsible for the strategic development, maintenance, and management of India's national highways network. Entrusted with the implementation of the flagship National Highways Development Project (NHDP) since 2000, NHAI executes road infrastructure projects through various public-private partnership (PPP) and procurement frameworks, primarily leveraging the Engineering-Procurement-Construction (EPC), Hybrid Annuity Model (HAM), and Build-Operate-Transfer (BOT-Toll) modalities.

ESG Profile: Not Applicable

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 2024	FY 2025	FY 2026
Result Type	–	**Audited**	**Audited**	**Provisional**
Other Non-operating Income	Rs. in Crs	26.81	2,660.11	3,428.42
Fuel Cess Funds	Rs. in Crs	127,727.42	1,17,950.00	1,19,716.53
Equity (Capital + Grant)	Rs. in Crs	724,084.96	957,779.13	11,80,965.30
Total Debt	Rs. in Crs	335,373.20	2,44,604.07	2,02,275.72
Debt/ Equity	Times	0.46	0.26	0.17

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: The facility carries standard financial and operational covenants typical for such credit facilities.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA: Not Applicable

Any other information: Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspension):

Sl. No.	Instrument	Current Rating (2026)			Rating History		
		Type	Amount (Rs. Crs.)	Rating	13 Aug 2025	19 Aug 2024	21 Aug 2023
1.	**Tax Free Bonds**	Long Term	**2,921.83**	BWR AAA/Stable Reaffirmed	BWR AAA/Stable Reaffirmed	BWR AAA/Stable Reaffirmed	BWR AAA/Stable Reaffirmed
Total			**2,921.83**	**(Two Thousand Nine Hundred Twenty-One Crore and Eighty-Three Lakh)**			

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Infrastructure Sector
- Ratings based on Government Support

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National Highways Authority of India (NHAI)

ANNEXURE-I: Details of Bank Facilities rated by BWR

SL. No.	Name of the Bank/Lender	Type Of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE-II: INSTRUMENT DETAILS

Instrument	Issue Date	Issue Amount (Rs. Crs.)	Present Value (Rs. Crs.)	Coupon	Maturity Date	ISIN	Complexity Levels
Tax Free Bonds – Series IIA	05 Feb 2014	1,732.02	1,732.02	8.50%	05 Feb 2029	INE906B07DE1	Simple
Tax Free Bonds – Series IIB	05 Feb 2014	1,189.81	1,189.81	8.75%	05 Feb 2029	INE906B07DF8	Simple
	TOTAL	**2,921.83**	**2,921.83**	**(Two Thousand Nine Hundred Twenty One Crore and Eighty-Three Lakh)**			

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com / download / ComplexityLevels.pdf. Investors' queries can be sent to info@brickworkratings.com.
Note: Rated Bonds listed on BSE/ NSE.

ANNEXURE-III: List of entities consolidated

Name of Entity	% Ownership	Extent of Consolidation	Rationale for Consolidation
Nil	**Nil**	**Nil**	**Nil**

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List of instruments and regulators

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of the respective FSRs, is being disclosed below:

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference shares (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) [1]	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)-[1]	RBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)-[1]	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs -[2]	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, FIs	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme - [3]	-
Issuer Ratings [4]	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	RBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI

Instrument/Activity	Regulator
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference shares securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference shar securities))	
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) -[1]	Investor-side Regulator, such as IRI PFRDA[5]
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries, and Companies	NA

Important Notes and Clarifications

- **[1] Securitisation Transactions:** Include transactions involving assignee payout and acquirer's payout.
- **[2] Securitisation Bank Facilities:** include bank-provided liquidity facilities and second-loss facilities.
- **[3] Borrowing Programmes:** The regulator depends on the final instrument issued (debt securities, bank loans, or commercial paper); Brickwork Ratings (BWR) will identify the specific regulator in Press Releases subsequent to issuance.
- **[4] Issuer Ratings:** Because there is no specific instrument being rated, a "Regulator of the Instrument" is not applicable.
- **[5] Legacy Ratings:** For unlisted PTCs originated by non-RBI-regulated entities, investor-side regulators (like IRDAI or PFRDA) are included for ratings assigned prior to Feb 10, 2026.
- **[6] Research Activities:** These are permitted by SEBI under the Master Circular for Credit Rating Agencies (CRAs)

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