

**Rating: Subscribe for long term**

### Issue Offer

Total issue size of INR 15,780 mn. Fresh issue of 107.7 mn shares aggregating to INR 10,770.0 mn and OFS of 50.1 mn shares aggregating to INR 5,010.0 mn

### Issue Summary

Price Band (INR) 99 – 100

Implied Market Cap (INR Bn) 15.78

Market Lot 150

Issue Opens on January 07, 2025

Issue Close on January 09, 2025

Listing NSE , BSE

### Issue Break-up (%)

QIB Portion ≤75

NII Portion ≥25

### Book Running Lead Managers

SBI Capital Markets Ltd  
HDFC Bank Ltd

### Registrar

KFin Technologies Ltd

### Objects of the issue

- Providing loans to the Project SPVs for repayment/pre-payment of external borrowings, in part or in full from the financial lenders.
- Providing loans to the Project SPVs for repayment of unsecured loans availed by the Project SPVs from the Sponsor.

Established in September 2023, Capital Infra Trust is an infrastructure investment trust sponsored by Gawar Construction Limited. The InvIT was established to engage in activities and make investments as an infrastructure investment trust, as allowed under the SEBI InvIT Regulations. The sponsoring company specializes in constructing road and highway projects across 19 states in India for various government bodies, including the NHAI, MoRTH, MMRDA, and CPWD. As of December 2024, the sponsor company's portfolio of 26 road projects on a hybrid annuity mode ("HAM") with NHAI, of which 11 are completed projects, including the five acquired assets which Sadbhav Infrastructure Project Limited erstwhile owned, and 15 under-construction projects. The Trust received a rating of 'Provisional CRISIL AAA/Stable (Assigned)' from CRISIL Ratings Limited for the Trust NCD(s) and proposed long-term bank loan facility on November 11, 2024.

### Investment Rationale

**Geographically diversified road asset portfolio and revenue base:** The Initial Portfolio Assets consist of nine operational HAM assets located across seven states of India, namely, Haryana, Rajasthan, Bihar, Uttarakhand, Himachal Pradesh, Madhya Pradesh and Karnataka. We believe that the geographic diversity of the Initial Portfolio Assets will play a major role in developing their experience and expertise, including their ability to evaluate, acquire, operate and maintain new projects.

**Attractive industry sector with strong underlying fundamentals and favourable government policies:** The roads and highways sectors play an important role in the overall economy of India. The development of the infrastructure sector has been a priority area for the Government and has witnessed enhanced public investment over the years. In the Union Budget for Fiscal Year 2023-24, a total of approximately INR 2.7 trillion has been budgeted for the MoRTH, which is 25% higher than the revised estimates for Fiscal Year 2022-23. Further, Phase I of Bharatmala Pariyojana envisages to construct about 24,800 km of highways under the following categories: National Corridor (North-South, East-West and the Golden Quadrilateral), economic corridors, inter-corridor roads, feeder roads, international connectivity, border roads, coastal roads, port connectivity roads and expressways. The scheme will include the existing NHDP programme as well. We believe that the Government's focus on and sustained increases in budgetary allocations for the sector as well as the development of comprehensive infrastructure policies will be beneficial to their business in terms of bringing in more opportunities for acquisition of assets.

**Consistent track record of the Project Manager in operating and maintaining projects in the infrastructure sector in India:** The Project Manager has a strong presence in the infrastructure sector and is credited with developing several projects, including the Kiratpur project, Narnaul project, Hardiya project, and Mumbai Metro Rail Project under the PPP model. The Sponsor's consistent track record in the development and maintenance of the road assets brings operational expertise in managing road infrastructure projects including efficient maintenance of road assets, handling regulatory compliance, and minimising operational risks. Their experience can lead to smoother operations and potentially lower major maintenance and other related costs for the Initial Portfolio Assets and the Trust.

### Valuation and View:

We are positive on the Capital Infra Trust InvIT investment given the optimism in the infrastructure market. The Initial Portfolio Assets, comprising nine operational HAM projects spread across seven Indian states, offer a geographically diversified base that enhances the trust's operational capabilities. Further, The road infrastructure sector in India remains robust, buoyed by the government's continued focus on infrastructure development. We are recommending a "Subscribe for long term" rating for this issue.

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Stock Rating Scale	Absolute Return
BUY	
ACCUMULATE	
HOLD	
NEUTRAL	
REDUCE	
SELL	

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