

March 05, 2026

Chatra Expressways Private Limited: Rating upgraded

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	711.90	711.90	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable)
Total	711.90	711.90	

*Instrument details are provided in Annexure-I

Rationale

The rating action for Chatra Expressways Private Limited (CEPL) favourably factors in the reduction in execution risk, with substantial improvement in the right of way (RoW) status, with the expectation of receipt of appointed date in the short term. The ROW status was around 30% during March 2025, which is expected to improve to more than 60% as of February 2026 and the requisite RoW required for the appointed date is expected by March 2026. The rating is also supported by the healthy sponsor profile of Rail Vikas Nigama Limited (RVNL) and Tracks & Towers Infratech Private Limited (TTIPL, rated [ICRA] A(Stable)/ [ICRA] A1), which is the engineering, procurement and construction (EPC) contractor for the project. CEPL is promoted by TTIPL and RVNL in the ratio of 51:49 to undertake the hybrid annuity mode (HAM) project. ICRA also notes the presence of a joint and several support undertaking provided by both the sponsors, RVNL and TTIPL to the lender. As per the support undertaking, both TTIPL and RVNL shall provide financial support to CEPL in case of any cost overrun during the construction phase, any shortfall in operations and maintenance (O&M) expenses, major maintenance (MM) expenses and debt servicing in the operational phase, jointly and severally as per the lender's approved base case business plan. Once the project becomes operational within the budgeted costs, the coverage metrics of the company will remain healthy, with cumulative debt service coverage ratio (DSCR) of more than 1.15 times. The rating further draws comfort from the presence of structural features of the debt, like the escrow account, a cash flow waterfall mechanism, provisions for debt servicing reserve (DSRA, for six months P+I; to be created out of the first two annuities), creation of major maintenance reserve (MMR) and restricted payment clause with a minimum (DSCR) of 1.15 times.

The rating considers the inherent benefits of the hybrid annuity nature of the project including upfront availability of right of way (RoW), automatic de-scoping of RoW pending beyond 180 days from the appointed date (unless its extended on mutual agreement), inflation-linked revisions to the bid project cost (BPC) during the construction period. The rating notes the relatively lower equity mobilisation risk with 40% of the BPC to be funded by the authority during the construction period in the form of a grant. The rating factors in the stable revenue stream after commissioning with 60% of the inflation-adjusted BPC being paid out as annuity, along with interest at the average of one-year MCLR of top five scheduled commercial banks plus 125 bps and O&M payments (adjusted for inflation) over the term of the concession from the project owner and annuity provider, National Highway Authority of India (NHAI, rated [ICRA]AAA(Stable)), which is a key Central Government entity responsible for development and maintenance of India's national highway programme.

The rating, however, remains constrained by the execution risks as the project is yet to receive the appointed date due to pending RoW. As per the concession agreement (CA), the project is deemed to be terminated in case the appointed date is not received before the first anniversary of the CA signing date (June 28, 2023) unless it is mutually agreed by both parties. ICRA understands that both CEPL and the NHAI are willing to continue the project, thus mitigating the risk of deemed termination. Further, the execution risk is mitigated by the fixed-price, fixed-time contract and proven project execution capabilities of TTIPL. The company's ability to commission the project in a timely manner and within the budgeted costs would remain important from the credit perspective.

ICRA also notes the single-asset nature of the project operations, thereby making the debt metrics sensitive to any deductions in annuity and O&M receipts. Hence, post-commissioning, it would have to ensure healthy lane availability and satisfactory upkeep of the carriageway as per the provisions of the CA to avoid any deductions from the annuity amount. Any significant

deductions from annuities or increase in routine and major maintenance (MM) expenses from the budgeted level could impact its debt servicing coverage ratio.

Further, CEPL's cash flows are exposed to inflation risk as O&M receipts, though linked to inflation index (70% WPI and 30% CPI), may not be adequate to compensate for the actual increase in O&M/periodic maintenance expenses. The project stretch is a perpetual flexible pavement and is expected to have high share of commercial traffic. Hence the ability of the special purpose vehicle (SPV) to undertake the O&M within the budgeted costs remains a key rating monitorable. Nevertheless, the healthy coverage indicators (DSCR) of the company mitigate the risk of higher O&M and MM expenses to an extent.

The Stable outlook on the rating reflects ICRA's opinion that CEPL will benefit from hybrid annuity nature of the project, proven project execution capabilities of the EPC contractor and healthy sponsor's profile.

Key rating drivers and their description

Credit strengths

Lower inherent risks in HAM projects from NHAI – The inherent benefits of the hybrid annuity-based nature of the project include an upfront availability of RoW, automatic de-scoping of RoW pending beyond 180 days from the appointed date (unless it's extended on mutual agreement) and inflation-linked revisions to the BPC during the construction period. Moreover, it faces relatively lower equity mobilisation risk with 40% of the BPC to be funded by the authority during the construction period in the form of a grant. A stable revenue stream, post commissioning of the project, with 60% of the inflation-adjusted BPC being paid out as annuity, along with interest at an average of 1-year MCLR of the top five scheduled commercial banks + 1.25% and the inflation-adjusted O&M cost bid over the 15-year operation period by the project owner, NHAI, which is a strong counterparty, offer comfort.

Healthy sponsors' profile – CEPL is promoted by TTIPL and RVNL. TTIPL holds 51% of the shareholding in CEPL, while the remaining 49% is held by RVNL. TTIPL has over three decades of experience in executing railway projects. Moreover, both the promoters have provided a joint sponsor support undertaking, basis which the sponsors shall provide financial support to CEPL, in case of any cost overrun during the construction phase, any shortfall in O&M expenses, MM expenses and debt servicing in the operational phase. RVNL, through its other joint ventures, has track record of executing HAM projects. The equity mobilisation risk is mitigated to a large extent, given comfortable financial profile of both sponsors.

Adequate coverage indicators and presence of structural features – Once the project becomes operational within the budgeted costs, the coverage metrics of the company will remain healthy, with cumulative DSCR of more than 1.15 times. This provides the SPV adequate cushion to withstand any adverse movement in the bank rate, inflation and operational expenses to a major extent. Further, the presence of structural features of the debt, like the escrow account, a cash flow waterfall mechanism, provisions for debt servicing reserve (DSRA, for six months P+I; to be created out of the first two annuities), creation of major maintenance reserve (MMR) and restricted payment clause with a minimum (DSCR) of 1.15 times, supports its credit profile.

Credit challenges

Execution risk related to project under construction – The company is exposed to project execution risks as the appointed date is yet to be received due to delay in providing RoW. The same is likely to be received by March 2026. As per the concession agreement (CA), the agreement is deemed to be terminated in case the appointed date is not received before the first anniversary of the CA signing date (June 28, 2023) unless it is mutually agreed by both parties. ICRA understands that both CEPL and the NHAI are willing to continue the project, mitigating the risk of deemed termination. Further, the execution risk is mitigated to an extent by entering fixed-price, fixed-time contract and proven project execution capabilities of its sponsor/EPC contractor, TTIPL. The company's ability to commission the project in a timely manner and within the budgeted costs would remain important from the credit perspective.

Undertaking O&M as per concession requirement, cash flows and returns exposed to inflation risks – Post commissioning, the company will have to undertake O&M of the project stretch as per the CA to avoid any deductions from annuities. Any significant deduction from annuities or increase in routine and MM from the budgeted level could impact its debt service coverage ratio. CEPL’s cash flows are exposed to inflation risks as the O&M receipts, though linked to inflation (70% WPI and 30% CPI), may not be adequate to compensate for the increase in the O&M/periodic maintenance expenses. Further, the project stretch is a perpetual pavement and is expected to have a high share of commercial traffic. Hence the ability of the SPV to undertake the O&M within the budgeted costs remains a key rating monitorable. Nevertheless, the healthy coverage indicators (DSCR) of the company mitigate the risk of higher O&M and MM expenses to an extent.

Liquidity position: Adequate

As the project is under construction, the liquidity position is supported by undrawn sanctioned term loan, grants receivable from the NHAI and equity infusion from CEPL. The total estimated project cost of Rs. 1,516.0 crore is proposed to be funded by equity of Rs. 242.9 crore, debt of Rs. 728.7 crore and NHAI grant of Rs. 544.41 crore. The sponsors are adequately placed to fund the required equity.

Rating sensitivities

Positive factors – The rating could be upgraded if the project achieves PCOD without any time and cost overruns, along with the receipt of the first annuity without any major deductions.

Negative factors – Pressure on the rating could arise if the project’s progress is delayed, resulting in significant time and cost overruns, or if there is a deterioration in the credit profile of the sponsor, thereby heightening the equity mobilisation risk, or if delays in the receipt of grant or equity infusion increase the funding risks for the project.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Roads - Hybrid Annuity
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone

About the company

CEPL is a special purpose vehicle (SPV) promoted by TTIPL (51% stake) and RVNL (49% stake). The SPV was formed in April 2023 for construction and maintenance of package-8 of the six-lane greenfield Varanasi- Ranchi-Kolkata highway from Sonepurbigha village to the junction with NH-22 (Chatra Bypass) (from 184.70 km to km 222.00 km) under Bharatmala Pariyojana in Jharkhand on a hybrid annuity mode, for the NHAI. The concession agreement (CA) was signed in June 2023, however, the appointed date for the project is yet to be received.

About Sponsor Company

Tracks & Towers Infratech Private Limited

TTIPL was incorporated in August 2007. It was converted from a partnership firm named Lakshmi Agencies, which was established in 1983. TTIPL is a special class civil contractor, which primarily undertakes projects in the railway segment, and its

scope of work includes laying of railway tracks, construction of roadbed, major and minor bridges, signalling and telecommunications. The company has also diversified into construction of buildings and roads segment in the recent past.

Rail Vikas Nigama Limited

RVNL was incorporated as a public sector undertaking (PSU) on January 24, 2003 and is engaged in developing and executing railway infrastructure projects across the country. It functions as the construction arm of the Indian Railways, undertaking turnkey project development from concept to commissioning. RVNL has recently diversified into the roads segment, undertaking HAM projects through its joint venture companies. The company was granted Miniratna status in 2013 and subsequently upgraded to Navratna status in 2023.

Key financial indicators (audited)

Not Applicable, as CEPL is a project stage company.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current (FY2026)		Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	711.90*	Apr 17, 2025	[ICRA]BBB+ (Stable)	Apr 30, 2024	[ICRA]BBB+ (Stable)	Nov 13, 2023	Provisional [ICRA]A- (Stable)	-	-
			Mar 05, 2026	[ICRA]A-(Stable)						

*Yet to disburse

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term loan	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	Term loan*	NA	NA	NA	711.90	[ICRA]A-(Stable)

Source: Company; *Yet to disburse

[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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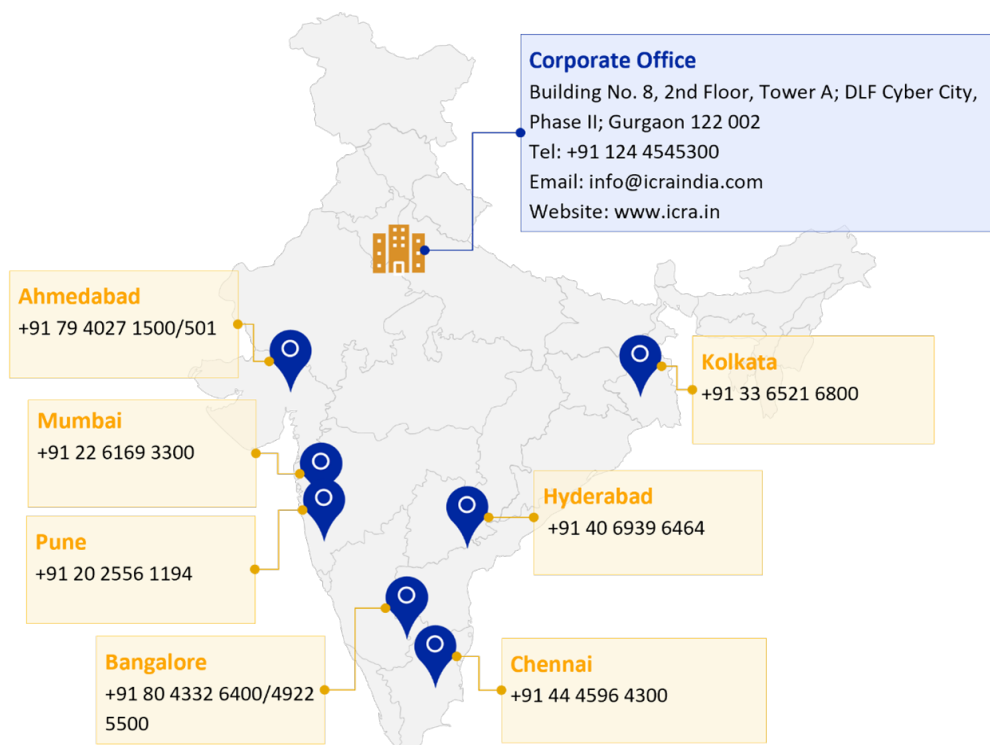


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