

March 31, 2026

Khairatunda Barwa Adda Road Limited: Rating reaffirmed and removed from Watch with Developing Implications; Stable outlook assigned

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	208.91	186.31	[ICRA]AAA (Stable); reaffirmed and removed from watch with developing implications; Stable outlook assigned
Total	208.91	186.31	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation of Khairatunda Barwa Adda Road Limited (KBARL) factors in the successful receipt of eight semi-annuity payments, including operations and maintenance (O&M) payments, without any deductions. The interest rate risk is also mitigated to a large extent, given the repo-linked term loan interest structure provides a natural hedge as the interest component of annuities is linked to the RBI's Bank Rate, resulting in better alignment of inflows and outflows. The removal of the Rating Watch with Developing Implications reflects the consummation of the share-purchase transaction through which EPIC Concessiones 2 Private Limited (ECPL) acquired 100% stake in KBARL from Ashoka Concessions Limited in September 2025. ICRA also notes the management's guidance that no incremental leverage/top-up loan is envisaged, and that the existing debt structure will remain unchanged for the full tenure of the loan. The coverage metrics are expected to remain robust, with the cumulative debt service coverage ratio (DSCR) estimated at more than 1.25 times over the debt tenure. The rating also takes into account the timely annuity receipts from the National Highways Authority of India (NHAI; rated [ICRA]AAA (Stable)), a strong counterparty, which is expected to continue over the medium term. ICRA notes the adequate cushion of 35–36 days between the annuity due date and the scheduled debt-repayment date, along with the presence of a six-month debt service reserve (DSR) of Rs. 16.72 crore and major maintenance reserve (MMR) of Rs. 48.08 crore, maintained in the form of fixed deposits in line with the lender-approved base-case plan as on February 28, 2026.

The rating continues to draw strength from the stable and predictable annuity-linked revenue stream under the HAM structure, eliminating traffic risk, with the NHAI as the annuity provider. Post acquisition, KBARL became a wholly-owned subsidiary of ECPL, with all O&M and periodic maintenance activities to be undertaken by the experienced in-house project management team. The team currently manages O&M and major maintenance (MM) activities across 10 road assets under the Edelweiss Alternatives platform and has demonstrated a strong execution track record of undertaking the works within budgeted timelines and cost over the past 4–5 years, which provides operational comfort. ICRA notes that the asset is expected to be acquired by Citius TransNet Investment Trust (Citius/Trust) over the medium term, for which the Trust holds a right of first offer (ROFO).

ICRA notes the single-asset nature of the project, which exposes it to revenue concentration risk. Consequently, the debt coverage metrics of KBARL remains exposed to the risk of deductions from annuity and O&M receipts if maintenance is not undertaken as per the specifications of the Concession Agreement (CA). Therefore, KBARL would have to ensure satisfactory upkeep of the carriageway to avoid any deductions. The first MM cycle is due in FY2028 and FY2029, with an estimated cost of around Rs. 63 crore as per the lender's base case plan, which is planned to be funded through MMR of Rs. 48 crore as on February 28, 2026, and the balance would be created from the cash flows before the MM cycle is due. Any significant deduction in annuity payments or material increase in regular or periodic maintenance expenditure beyond the budgeted levels adversely impacting the coverage metrics will remain a key rating monitorable. The project's cash flows are also exposed to inflation risk, as O&M receipts, though indexed to 70% WPI and 30% CPI, may not fully offset actual increases in O&M and MM costs.

Nevertheless, the robust coverage metrics of the company mitigate the risk of deductions or increase in operating expenses to an extent.

The Stable outlook on the long-term rating reflects ICRA's opinion that KBARL will continue to benefit from timely receipt of annuity and O&M payments from the NHAI, without any material deductions, healthy debt coverage metrics and presence of structural features of debt.

Key rating drivers and their description

Credit strengths

Annuity nature of project with track record of eight semi-annuities and strong counterparty – The annuity nature of the project eliminates the traffic risk in HAM road projects. The project will have a stable annuity revenue stream over the term of the concession from the project owner and annuity provider, the NHAI, which is a key Central Government entity responsible for the development and maintenance of India's national highway programme. As of February 2026, KBARL has received eight semi-annuity payments, including O&M payment, without any major penalties/deductions in a timely manner and ICRA expects the same to continue going forward.

Robust coverage indicators and presence of structural features – The coverage metrics are expected to remain robust, with cumulative DSCR of more than 1.25 times during the debt tenure. Further, structural features of the debt, including the presence of escrow mechanism, maintenance of reserves, a defined cash flow waterfall and a restricted payment clause, provides comfort to the rating. As on February 28, 2026, the company is maintaining six months of debt obligations as DSR of Rs. 16.72 crore and MMR of Rs. 48.08 crore, in the form of fixed deposits with the lender, in line with the lender's approved base case business plan. ICRA also notes the adequate cushion of 35-36 days between the annuity due date and the debt repayment date, providing comfort.

Low O&M risk, given experienced in-house project management team for undertaking O&M and MM works – KBARL is a wholly-owned subsidiary of ECPL. Going forward, all the O&M and MM works of the entity shall be undertaken by the in-house project management team. Currently, the in-house team is managing the O&M and MM works of all the 10 road assets under the real asset funds of Edelweiss Alternatives. The in-house team comprises experienced professionals with strong expertise in the road segment and has a demonstrated track record of executing O&M works within the budgeted time and cost over the past 4-5 years, which provides comfort.

Credit challenges

Undertaking O&M as per concession requirement and risk of deductions from annuity/O&M payout - KBARL sources of income include annuity, interest on outstanding annuities and annual O&M payments from the NHAI. ICRA notes the single-asset nature of the project, which exposes it to revenue concentration risk. Consequently, the debt coverage metrics of KBARL remain exposed to the risk of deductions from annuity and O&M receipts if maintenance is not undertaken as per the specifications of the CA. Therefore, KBARL would have to ensure satisfactory upkeep of the carriageway to avoid any deductions. The first MM cycle is due in FY2028 and FY2029, with an estimated cost of around Rs. 63 crore as per the lender's base case plan, which is planned to be funded through MMR of Rs. 48 crore as on February 28, 2026, and the balance would be created from the cash flows before the MM cycle is due. Any significant deduction in annuity payments or material increase in regular or periodic maintenance expenditure beyond the budgeted levels adversely impacting the coverage metrics will remain a key rating monitorable. Nevertheless, the company's robust coverage metrics mitigate the risk of deductions or an increase in operating expenses to an extent.

Project returns exposed to inflation risk - KBARL'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.

Liquidity position: Adequate

The cash flow from operations is expected to be sufficient to meet the debt servicing obligations (P+I) of Rs. 28.6 crore in FY2027 and Rs. 34.2 crore in FY2028. Its liquidity position is also supported by the availability of cash DSRA of Rs. 16.72 crore, which is equivalent to six months of debt servicing obligations, MMR of Rs. 48.08 crore and free cash and fixed deposits of Rs. 85.83 crore as on February 28, 2026.

Rating sensitivities

Positive factors – Not Applicable.

Negative factors – Pressure on the rating could arise if there are major deductions or delays in the receipt of semi-annual annuities or O&M payments, or if an increase in the O&M expenses or any additional debt availed by the SPV results in a deterioration of the debt coverage indicators. A specific credit metric for rating downgrade includes cumulative DSCR lower than 1.25 times on a sustained basis. The rating could also come under pressure if there is any non-adherence or dilution to the debt structure.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Roads- Hybrid Annuity
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

KBARL is a 100% subsidiary of Epic concesiones 2 Private Limited (sponsor), acquired from Ashoka Concessions Limited (ACL) w.e.f. September 30, 2025. The SPV was formed in April 2018 to undertake the six-laning of 40.33 km from Khairatunda to Barwa Adda Section (360.30 km to 400.13 km) of NH-2 in Jharkhand on a HAM basis. The construction and operations period for the project is 2 years and 15 years, respectively. The concession agreement was signed on April 27, 2018, and the project received the appointed date on January 8, 2019. The total project cost of Rs. 732.53 crore was funded by equity of Rs. 93.43 crore (12.75% of project cost), term loan of Rs. 254.00 crore (34.67% of project cost) and the NHAI's grant, including PMI adjustment of Rs. 385.10 crore (52.57% of project cost). The annuity and interest on outstanding annuities will be received on a semi-annual basis, along with the O&M receipts, with the first-year O&M receipt of Rs. 4.89 crore to be adjusted for inflation from the bid date. The project received the provisional COD on October 9, 2021 and the final COD on April 21, 2022.

Key financial indicators (audited)

KBARL – Standalone	FY2024	FY2025
Operating income	68.1	57.2
PAT	21.9	28.6
OPBDITA/OI	70.6%	75.8%
PAT/OI	32.2%	50.0%
Total outside liabilities/Tangible net worth (times)	1.7	1.3
Total debt/OPBDITA (times)	4.8	5.0
Interest coverage (times)	2.5	2.5

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Mar 31, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long-term	186.31	[ICRA]AAA (Stable)	Jan 10, 2025	[ICRA]AAA; Rating watch with developing implications	Oct 31, 2023	[ICRA]AAA (Stable)	Jul 22, 2022	[ICRA]AA- (Stable)
				Dec 06, 2024	[ICRA]AAA (Stable)				

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	Long-term fund based – Term loan	Sep 2018	NA	Nov 2034	186.31	[ICRA]AAA (Stable)

Source: Company

[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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