

May 12, 2026

Ranastalam Anandapuram 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	265.00	246.91	[ICRA]AAA (Stable); reaffirmed and removed from watch with Developing Implications; Stable outlook assigned
Total	265.00	246.91	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation of Ranastalam Anandapuram Road Limited (RARL) favourably factors in the healthy track record of receipt of eleven annuity receipts and operations and maintenance (O&M) payments from the National Highway Authority of India (NHAI, rated [ICRA]AAA (Stable)), in a timely manner, without any major penalties/deductions. The removal of the Rating Watch with Developing Implications is attributable to the consummation of the sale transaction, where EPIC Concesiones 2 Private Limited (ECPL) acquired 100% stake of AMEPL from the Ashoka Group in September 2025. ICRA 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. Further, the debt coverage metrics are expected to remain strong with a cumulative debt service coverage ratio (DSCR) of more than 1.25 times during the debt tenure. The rating positively considers the presence of structural features of the debt, including the presence of escrow, cash flow waterfall mechanism, restricted payment clause with a minimum DSCR of 1.15 times, debt service reserve account (DSRA) equivalent to six months of debt obligations and a major maintenance reserve (MMR) for its periodic maintenance requirements. There is a cushion of more than 20 days available between the annuity receipt date and the scheduled debt servicing date of the loan facilities, along with the presence of DSRA, which provides comfort.

The rating considers the stable annuity revenue stream over the term of the concession from the project owner and annuity provider, NHAI, which is a key Central Government entity responsible for the development and maintenance of India's national highway programme. The stable and predictable annuity-linked revenue stream under the hybrid annuity model (HAM) structure eliminates traffic risk, providing comfort. Post acquisition, RARL 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 comprises experienced professionals with significant expertise in the road segment, which demonstrated a strong execution track record of undertaking the works within the budgeted timelines and cost over the past 4-5 years, and 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 RARL remain 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, the company would have to ensure satisfactory upkeep of the carriageway to avoid any deductions. RARL's cash flows are exposed to inflation risk as O&M receipts, though linked to inflation index [70% wholesale price index (WPI) and 30% consumer price index (CPI)], may not be adequate to compensate for the actual increase in O&M/periodic maintenance expenses. Any significant deductions from annuities or rise in routine and MM expenses from the budgeted level could impact its coverage metrics, which remain a key

rating monitorable. The rating, however, factors in the cash flows remaining sensitive to the spread between the Reserve Bank of India's (RBI) bank rate and the lender's MCLR as the interest earned on the outstanding annuities is linked to the bank rate, while the interest payable on the project loan is linked to lender's MCLR. However, these risks are mitigated to an extent by the healthy debt coverage metrics, which is expected to withstand any adverse movements, if any, in the spread or deductions in annuity receipts or increase in O&M/MM expenses.

The Stable outlook on the long-term rating reflects ICRA's opinion that RARL will 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 eleven semi-annuities in a timely manner – The annuity nature of the project eliminates the traffic risk in the HAM road projects. The achievement of the final COD results in finalisation of the bid project cost on which annuity amounts are paid. As per the CA, RARL will be receiving 30 semi-annuities starting six months from the provisional completion totalling 60% of the final project completion cost, along with interest on the residual annuities payable (at bank rate + 3%), and the inflation-adjusted O&M cost bid over the 15-year operations period from the project owner and authority, NHAI, a key Central Government entity responsible for the development and maintenance of the country's national highways. The company received eleven semi-annuity payments, including O&M payment, in a timely manner, without any penalties/deductions. There is a buffer of 21/22 days between the annuity date and the scheduled debt servicing date. The availability of liquidity cushion in the form of DSRA mitigates the risk of delay in annuity payments (if any) and provides comfort.

Healthy projected debt coverage indicators and presence of structural features – The projected debt coverage metrics are strong with a cumulative DSCR of above 1.25 times during the debt tenure. Further, structural features of the debt including the presence of escrow, cash flow waterfall mechanism and restricted payment clause with a minimum DSCR of 1.15 times, provide credit support. The company is maintaining DSRA of Rs. 27.99 crore as on April 12, 2026, which is sufficient to cover six months of debt obligations. It also has an MMR of Rs. 108.88 crore as on April 12, 2026, in the form of fixed deposits with the lead lender and is in line with the lender's base case financial model.

Low O&M risk due to experienced in-house project management team for undertaking O&M and MM work – RARL is a wholly-owned subsidiary of ECPL. Going forward, all the O&M and MM work of the entity shall be undertaken by the in-house project management team. At present, 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. It has a demonstrated track record of executing O&M within the budgeted time and cost over the past 4-5 years, which provides comfort.

Credit challenges

Project returns exposed to interest rate risks – The project's cash flows and returns are exposed to the interest rate risk and depend on the spread between the RBI's bank rate and the interest rate charged by lenders. However, the risk is mitigated to a major extent by the strong debt coverage metrics, which is expected to withstand any adverse movements, if any, in the spread.

Undertaking O&M as per concession requirement and risk of deductions from annuity/O&M payout – ARARL has to undertake regular as well as periodic maintenance of the project as per specifications of the CA to ensure no deductions in annuity receipts, which will be a key credit sensitivity. ICRA notes the single asset nature of the project, which exposes its debt metrics to any deductions in annuity and O&M receipts. Hence, the company must ensure satisfactory upkeep of the carriageway and undertake O&M of the project stretch as per the CA to avoid any deductions from annuities. Any significant deductions from the annuities or rise in routine and MM expenses from the budgeted level could impact its coverage metrics,

which remain a key rating monitorable. Further, ARARL’s cash flows are vulnerable to inflation risk as O&M receipts, though linked to inflation (70% WPI and 30% CPI), may not be adequate to compensate for the increase in O&M/periodic maintenance expenses. Nevertheless, the company’s healthy coverage metrics mitigate the risk of deductions or increase in operating expenses to an extent.

Liquidity position: Adequate

RARL’s liquidity position is adequate with cash flow from operations expected to be sufficient to meet the debt servicing obligations (P+I) of around Rs. 50.6 crore in FY2027. Its liquidity position is supported by the availability of DSRA of Rs. 27.99 crore, which is equivalent to six months of debt servicing obligations, MMR reserves of Rs. 108.88 crore and free cash balances of Rs. 123.42 crore as on April 12, 2026.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Pressure on the rating could arise if there are any 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 special purpose vehicle results in a deterioration of the debt coverage indicators. A specific credit metric for a rating downgrade includes cumulative DSCR falling below 1.25 times on a sustained basis. The rating could 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	Standalone

About the company

RARL was formed by Ashoka Group to undertake construction, operation, and maintenance of the six laning of NH16 from Ranastalam to Anandapuram (Visakhapatnam) from km 634.000 to km 681.000 (Approx. 47 km) in Andhra Pradesh under National Highway Development Project (NHDP), Phase V (Package II), on design, build, operate and transfer (hybrid annuity) basis. ECPL acquired 100% stake in AMEPL from the Ashoka Group in September 2025. The operations period for the project is 15 years with PCOD achieved on September 24, 2020, and final completion certificate received on June 30, 2021 for the entire length.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	81.1	63.1
PAT	23.7	20.2
OPBDIT/OI	62.5%	64.5%
PAT/OI	29.2%	32.0%
Total outside liabilities/Tangible net worth (times)	1.9	1.5
Total debt/OPBDIT (times)	6.1	6.8
Interest coverage (times)	1.9	1.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

RARL follows IndAS and key financial ratios are not representative of actual cash flows

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	May 12, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long Term	246.91	[ICRA]AAA(Stable)	Sep 05, 2025	[ICRA]AAA; Rating Watch with Developing Implications	May 09, 2024	[ICRA]AAA (Stable)	-	-
				-	-	Jan 10, 2025	[ICRA]AAA; Rating Watch with Developing Implications	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA

14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	July 2022	-	Oct 2033	246.91	[ICRA]AAA(Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis - Not applicable

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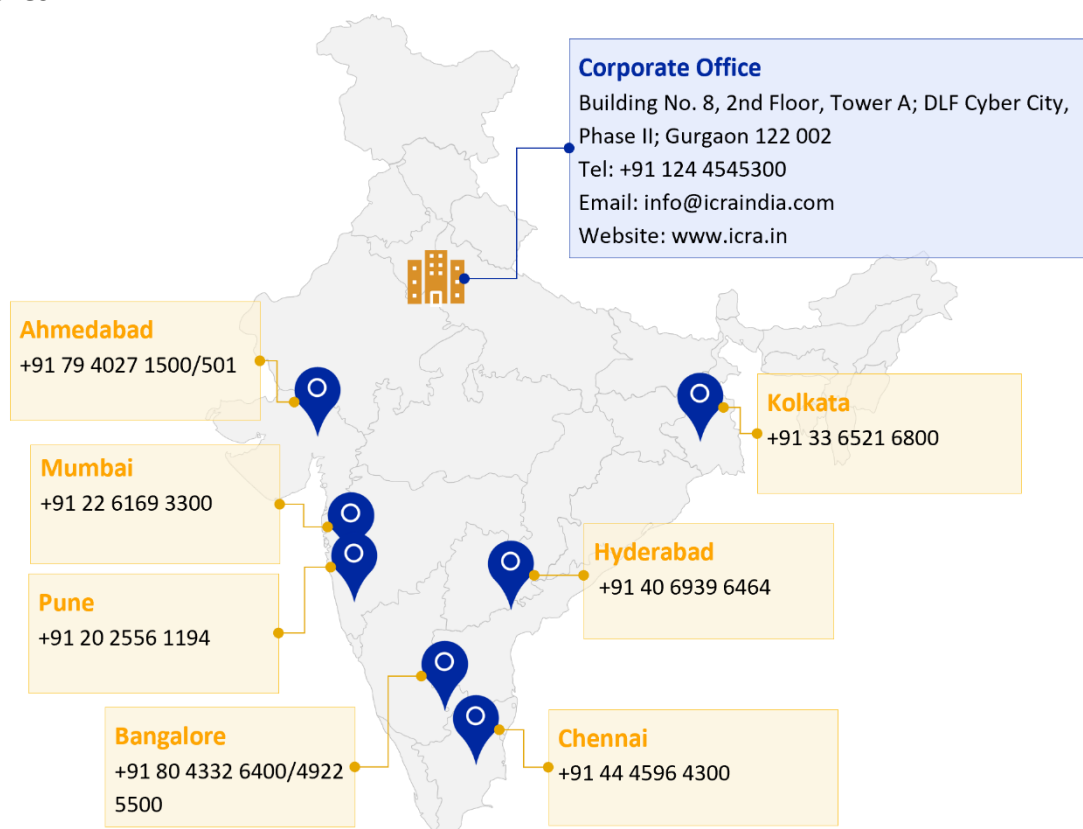
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