

January 10, 2025

Ashoka Buildcon Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper	100.00	100.00	[ICRA]A1+; Outstanding
Total	100.00	100.00	

*Instrument details are provided in Annexure-I

Rationale

On December 31, 2024, Ashoka Buildcon Limited (ABL) has announced that ABL and its subsidiary Ashoka Concessions Limited (ACL), have entered into share purchase agreement and other transaction documents with Epic Concesiones 2 Private Limited, Infrastructure Yield Plus II and Infrastructure Yield Plus IIA (both schemes of Infrastructure Yield Trust and managed by their respective investment manager, EAAA India Alternatives Limited (EIAL) [formerly known as Edelweiss Alternative Asset Advisors Limited]) for the sale of the entire share capital (including repayment/transfer of all shareholder loans) and management control of the 11 HAM (hybrid annuity model) special purpose vehicles (SPVs) held by ABL and/or ACL i.e. Ashoka Kharar Ludhiana Road Limited, Ashoka Khairatunda Barwa Adda Road Limited, Ashoka Ranastalam Anandapuram Road Limited, Ashoka Ankleshwar Manubar Expressway Private Limited, Ashoka Mallasandra Karadi Road Private Limited, Ashoka Karadi Banwara Road Private Limited, Ashoka Belgaum Khanapur Road Private Limited, Ashoka Banwara Bettadahalli Road Private Limited, Ashoka Kandi Ramsanpalle Road Private Limited, Ashoka Baswantpur Singnodi Road Private Limited and Ashoka Bettadahalli Shivamogga Road Private Limited for an aggregate consideration of Rs. 2,324 crore. The deal is expected to be concluded by September 30, 2025, subject to completion of certain conditions precedent as per the respective transaction Documents, including receipt of necessary approval/consent from the concerned lenders of the respective SPVs, National Highways Authority of India (NHAI) and the Competition Commission of India (CCI) and completion of certain conditions precedent therein.

ICRA has noted the above event, and the rating of ABL remains unchanged at [ICRA]A1+ (pronounced ICRA A one plus) on the Rs. 100.00 crore commercial paper of ABL. ICRA had considered the sale of these assets in its last assessment and the timelines are in line with its assumptions. The proceeds from the sale will help to deleverage ABL's balance sheet and provide exit to ACL's minority shareholder, apart from improving the liquidity position at ABL. The timely completion of the transaction within stipulated timeline remains a key monitorable.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity Position, Environmental and Social Risks, Rating sensitivities: [Click here.](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has fully consolidated one entity, where ABL has extended a corporate guarantee and four BOT (Toll) entities, where ABL is likely to provide extraordinary support. For other SPVs, ICRA has undertaken limited consolidation factoring

in the expected need-based funding support. The list of companies considered for limited/full consolidation are given in Annexure II below.

About the company

Ashoka Buildcon Limited is the flagship company of the Nashik-based Ashoka Buildcon Group that is primarily involved in infrastructure construction activities pertaining to the road and power sectors. Incorporated in 1993, the company constructed residential, commercial, industrial, and institutional buildings until 1997. The company won its first BOT project in 1997. At present, its operations comprise BOT and EPC road projects, EPC power T&D projects, railways, construction of bridges, buildings, water supply projects, smart infra projects and manufacturing of ready-mix concrete. The Group is one of the leading highway developers in India. ABL is listed on both the Bombay Stock Exchange and National Stock Exchange. It has a portfolio of 21 BOT projects, of which 20 are operational and one is under construction.

Key financial indicators (audited)

ABL Standalone	FY2023	FY2024
Operating income	6372.3	7726.7
PAT	654.0	442.3
OPBDIT/OI	8.4%	7.5%
PAT/OI	10.3%	5.7%
Total outside liabilities/Tangible net worth (times)	1.32	1.45
Total debt/OPBDIT (times)	3.25	3.72
Interest coverage (times)	3.79	2.53

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; ABL follows Ind AS 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	Type	Current (FY2025)				Chronology of rating history for the past 3 years					
		Amount Rated (Rs Crore)	Jan 10, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Long Term	100.00	[ICRA]A1+	30-Oct-24	[ICRA]A1+	10-Oct-23	[ICRA]A1+	-	-	-	-
				11-Nov-24	[ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial paper	Very 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
INE442H14410	Commercial paper	November 28, 2024	8.35%	February 24, 2025	50.0	[ICRA]A1+
INE442H14436	Commercial paper	December 26, 2024	8.40%	March 26, 2025	50.0	[ICRA]A1+

Source: Company;

Annexure II: List of entities considered for consolidated analysis

Company Name	ABL ownership	Consolidation Approach
Ashoka Concessions Limited	66%	Full Consolidation
Ashoka Dhankuni Kharagpur Tollway Limited	66%*	Full Consolidation
Ashoka Belgaum Dharwad Tollway Limited	66%*	Full Consolidation
Ashoka Sambalpur Baragarh Tollway Limited	66%*	Full Consolidation
Ashoka Highways (Durg) Limited	66%*	Full Consolidation
Ashoka Highways (Bhandara) Limited	82.66%*	Limited Consolidation
Ashoka Kharar Ludhiana Road Limited	66%*	Limited Consolidation
Ashoka Ranastalam Anandapuram Road Limited	66%*	Limited Consolidation
Ashoka Khairatunda Barwa Adda Road Limited	66%*	Limited Consolidation
Ashoka Karadi Banwara Road Private Limited	66%*	Limited Consolidation
Ashoka Mallasandra Karadi Road Private limited	66%*	Limited Consolidation
Ashoka Belgaum Khanapur Road Private Limited	66%*	Limited Consolidation
Ashoka Ankleshwar Manubar Expressway Private Limited	66%*	Limited Consolidation
Ashoka Bettadahalli Shivamogga Road Private Limited	100%	Limited Consolidation
Ashoka Kandi Ramsanpalle Road Private Limited	100%	Limited Consolidation
Ashoka Banwara Bettadahalli Road Private Limited	100%	Limited Consolidation
Ashoka Baswantpur Signodi Road Private Limited	100%	Limited Consolidation
GVR Ashoka Chennai ORR Limited	100%	Limited Consolidation
Jaora Nayagaon Toll Road Company Private Limited	35.18%*	Limited Consolidation

Source: ICRA Research; Company * Effective ownership of ABL (ABL holds 66% in Ashoka concessions limited and ACL in turn holds 100% equity stake in these entities).

ANALYST CONTACTS

Ashish Modani

+91 22 6606 9912

ashish.modani@icraindia.com

Suprio Banerjee

+91 22 6114 3443

supriob@icraindia.com

Vinay G

+91 40 6939 6424

vinay.g@icraindia.com

M Rajashekar Reddy

+91 40 6939 6423

m.rajashekarreddy@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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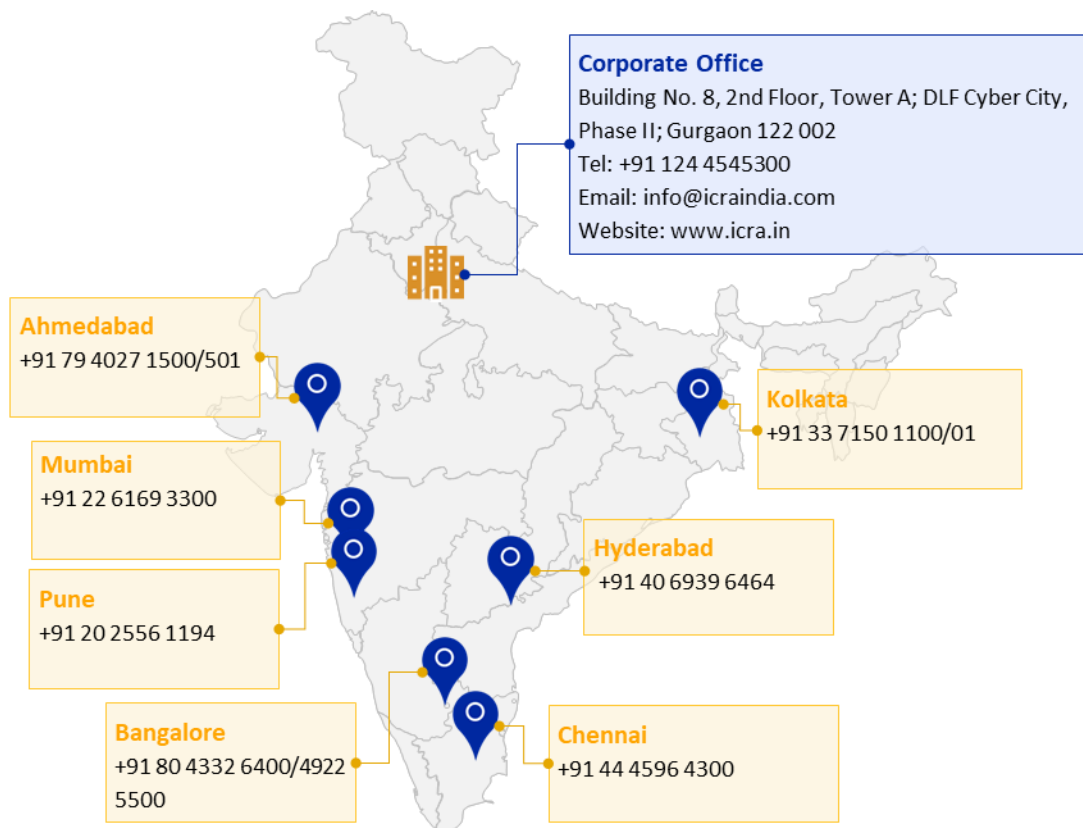


Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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