

March 08, 2024

## Ashoka Karadi Banwara Road Private Limited: Update on entity

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term Fund-based – Term loan	385.00	385.00	[ICRA]A (Positive)
<b>Total</b>	<b>385.00</b>	<b>385.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

Upon a review of the auditor's report on the financial statements of Ashoka Karadi Banwara Road Private Limited (AKBRPL) for FY2023, ICRA has observed disclosures made by the auditor about delays in interest payments in FY2023 on term loan availed by AKBRPL. The auditor's report highlighted three instances of delays (of 3 calendar days each) on interest payments for the rated term loan of the company.

ICRA notes that for the term loan, debit instructions were given by the company to the lenders. However, despite sufficient balances in the escrow accounts on all three instances highlighted by the auditor, the escrow bank could not execute the payments due to technical reasons, which were beyond the company's control. ICRA views that the occurrences of these delays are solely because of technical reasons/errors, beyond the control of AKBRPL, and that such occurrences are not a reflection of the lack of ability or willingness of the entity to pay its debt obligations. Therefore, these occurrences are not treated as defaults, in line with ICRA's policy on default recognition. AKBRPL's rating remain unchanged at [ICRA]A (Positive).

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, list of entities considered for consolidated analysis, liquidity position, rating sensitivities: [Click Here](#).

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">BOT (Hybrid Annuity) Roads</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

### About the company

AKBRPL is a 100% subsidiary of Ashoka Concessions Ltd (ACL/Sponsor), a holding company of the road assets of Ashoka Buildcon Limited (ABL). The special purpose vehicle (SPV) has been formed to undertake four laning of Tumkur-Shivamogga section from km 65.195 (Karadi) to km 121.900 (Banwara) of NH-206 on a HAM basis under NHDP Phase – IV, in Karnataka. The construction and operations period for the project is 2 years and 15 years respectively. The Concession Agreement was signed on April 20, 2018 and the project has received the appointed date of October 15, 2019. The total project cost of Rs. 1,052.0 crore is proposed to be funded by sponsor contribution of Rs. 142.2 crore [including Rs. 96.62 crore as sponsor contribution-1 towards project cost and Rs. 45.6 crore as sponsor contribution -2 towards contingency cost (in total, 13.5% of project cost)], term loan of Rs. 385.0 crore (36.6% of project cost) and NHAI grant including PMI adjustment of Rs. 524.8 crore (49.6% of project cost). The annuity and interest on outstanding annuities will be received on a semi-annual basis, along with the operations and maintenance (O&M) receipts, with first year O&M receipt of Rs. 7.2 crore to be adjusted for inflation from the bid date.

### Key financial Indicator

Key financial indicators are not applicable as AKBRPL is a project stage company.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2024)		Chronology of rating history for the past 3 years				
			Amount outstanding as of Feb 29, 2024 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020	
				Mar 08, 2024	Jul 27, 2023	Apr 19, 2022	Mar 31, 2021	Jan 06, 2020	
1	Term loan	385.00	315.94	[ICRA]A (Positive)	[ICRA]A (Positive)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (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	Term loan	Sept 2018	NA	FY2037	385.0	[ICRA]A (Positive)

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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