

November 11, 2024

Ashoka Highways (Durg) Limited - Placed on rating watch with developing implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture	62.29	62.29 ¹	[ICRA]A-; Placed on rating watch with developing implications
Total	62.29	62.29 ¹	

*Instrument details are provided in Annexure-I

¹ Amount outstanding against the ISIN were partially repaid while none of the ISINs have been fully repaid on reduced amount in NCDs

Rationale

On October 30, 2024, Ashoka Buildcon Limited (ABL) has announced that Ashoka Concessions Limited (ACL), a material subsidiary of ABL, has entered into share purchase agreement (SPA) and other transaction documents (Transaction Documents) with Indian Highway Concessions Trust [IHCT; rated [ICRA]AAA (Stable)] for the sale of its entire shareholding (which will also include repayment of any shareholder loans) held in five BOT toll subsidiaries of ACL i.e., Ashoka Highways (Bhandara) Limited (AHBL), Ashoka Highways (Durg) Limited (AHDL), Ashoka Belgaum Dharwad Tollway Limited (ABDTL), Ashoka Sambalpur Baragarh Tollway Limited (ASBTL) and Ashoka Dhankuni Kharagpur Tollway Limited (ADKTL) for an aggregate equity consideration of Rs. 2,539 crore and enterprise value of Rs. 5,718 crore. The deal is expected to get concluded by March 31, 2025, subject to completion of certain conditions precedent as per the respective Transaction Documents, including receipt of necessary approval / consents 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 placed the rating of AHDL under rating watch with developing implications following the ongoing transaction of 100% stake sale of AHDL held by ACL to IHCT. ICRA will resolve the watch post the change in shareholding after understanding the impact of the transaction on AHDL's operational and financial profile and the financial policy of the incoming investor after concluding discussions with the new management. ICRA however, understands, that ACL will continue to honour all its obligations related to the special purpose vehicle (SPV), in a timely manner, until the complete transfer of ownership of asset to the new shareholder.

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

¹ Project has sanctioned debt aggregating Rs. 200.0 crore and current rating is done on outstanding amount of Rs. 62.29 crore.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Roads – BOT Toll
Parent/Group support	Parent company: Ashoka Concessions Limited (ACL) Ultimate promoter: Ashoka Buildcon Limited (ABL) The rating assigned to AHDL factors in the likelihood of its ultimate parent, ABL, extending financial support to it (through ACL) because of close business linkages between them. ICRA expects ABL to be willing to extend financial support to AHDL out of its need to protect its reputation from the consequences of a Group entity's distress. There also exists a consistent track record of ABL having extended timely financial support to AHDL in the past, whenever a need has arisen.
Consolidation/Standalone	Standalone

About the company

Ashoka Highways (Durg) Limited (AHDL) is a special purpose vehicle (SPV) initially promoted by Ashoka Buildcon Limited (ABL) and Infrastructure Development Finance Company (IDFC) through its road asset holding platform Highways Concessions One (HC1) in 2007. ABL's stake was subsequently transferred to Ashoka Concessions Limited (ACL) in 2012.

The SPV undertook the construction, widening, operation, and maintenance of an 82.6 km stretch on National Highway 6 (from 322.40 km to 405.00 km), from the end of Durg Bypass-Chhattisgarh to Maharashtra border, on BOT basis. The construction started in July 2008 and ended in February 2012. The concession period for the project is 20 years ending in June 2028.

Key financial indicators (audited)

AHDL	FY2023	FY2024
Operating income	112.4	134.4
PAT	10.6	30.2
OPBDIT/OI	72.7%	74.9%
PAT/OI	9.4%	22.5%
Total outside liabilities/Tangible net worth (times)	16.0	5.5
Total debt/OPBDIT (times)	3.1	2.0
Interest coverage (times)	2.6	3.5

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 amortization; AHDL 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

Current (FY2025)				Chronology of rating history for the past 3 years							
				FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	Nov 11, 2024	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Non-convertible debenture	Long Term	62.29 [^]	[ICRA]A-Rating Watch with Developing Implications	31-May-24	[ICRA]A-(Stable)	30-May-23	[ICRA]BBB+(Stable)	30-Jan-23	[ICRA]BBB+ Rating Watch with Developing Implications	18-Jan-22	ICRA]BBB+ Rating Watch with Developing Implications
-	-	-	-	-	-	-	-	-	-	27-Aug-21	[ICRA]BBB+(Stable)

[^] Amount outstanding against the ISIN were partially repaid while none of the ISINs have been fully repaid on reduced amount in NCDs

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debenture	Moderately complex

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 No.	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs Crore)	Current Rating and Outlook
INE003K07012	Non-convertible debenture	10-Nov-2016	-*	15-Nov-2025	62.29^	[ICRA]A-; Rating watch with developing implications

Source: Company; ^ Amount outstanding against the ISIN were partially repaid while none of the ISINs have been fully repaid on reduced amount in NCDs;

*Linked to NIIF IFL Benchmark

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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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ICRA Limited



Registered Office

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



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