

November 11, 2024<sup>(Revised)</sup>

## Ashoka Dhankuni Kharagpur Tollway 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
Long-term Fund-based – Term loan	1,067.32	1,067.32 <sup>1</sup>	[ICRA]BBB+; Placed on rating watch with developing implications
<b>Total</b>	<b>1,067.32</b>	<b>1,067.32</b>	

\*Instrument details are provided in Annexure-I

### 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 ADKTL under rating watch with developing implications following the ongoing transaction of 100% stake sale of ADKTL held by ACL to IHCT. ICRA will resolve the watch post the change in shareholding after understanding the impact of the transaction on ADKTL'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](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Roads - BOT Toll</a>
Parent/Group support	Parent Company: Ashoka Concessions Limited (ACL) Ultimate promoter: Ashoka Buildcon Limited (ABL) The rating assigned to ADKTL factors in the likelihood of its ultimate parent, ABL, extending financial support to it (through ACL) because of close business linkages between them. ICRA

<sup>1</sup> Project was sanctioned debt aggregating Rs. 1610.77 crore and current rating is done on outstanding amount of Rs. 1067.32 crore.

	expects ABL to be willing to extend financial support to ADKTL 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 (through ACL) having extended timely financial support to ADKTL in the past, whenever a need has arisen.
<b>Consolidation/Standalone</b>	Standalone

## About the company

Ashoka Dhankuni Kharagpur Tollway Limited (ADKTL), incorporated in 2011, is a special purpose vehicle (SPV) of ACL. The project is involved in construction and conversion from four lanes to six lanes, operation and maintenance of the Dhankuni-Kharagpur stretch of National Highway-6 (new NH-16, previously NH-6 from 17.6 to 129.0 kilometres) in West Bengal, under the National Highways Development Project Phase V (NHDP- V), on a design, build, finance, operate, transfer (DBFOT) basis. The construction started in April 2012, with scheduled construction end date in September 2014. The concession period for the project is 25 years (including 30 months for construction) with an annual premium payment of Rs. 126.1 crore and a 5% increment every year. ADKTL got sanction for premium deferment from the NHAI in August 2015 for ten years with total deferment not exceeding Rs. 1,089.0 crore.

## Key financial indicators (audited)

ADKTL	FY2023	FY2024
<b>Operating income</b>	466.8	515.4
<b>PAT</b>	-93.4	-67.4
<b>OPBDIT/OI</b>	85.08%	85.10%
<b>PAT/OI</b>	-20.00%	-13.08%
<b>Total outside liabilities/Tangible net worth (times)</b>	-4.87	-4.43
<b>Total debt/OPBDIT (times)</b>	5.20	4.53
<b>Interest coverage (times)</b>	1.00	1.07

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; Total debt includes NHAI deferred premium.

ADKTL 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
Term loan	Long Term	1067.32	[ICRA]BBB+ Rating Watch with Developing Implications	12-Jul-24	[ICRA] BBB+ (Stable)	30-May-23	[ICRA] BBB+ (Stable)	17-Feb-23	[ICRA] BBB+ Rating Watch with Developing Implications	18-Jan-22	[ICRA] BBB+ &
-	-	-	-	-	-	-	-	-	-	13-Sep-21	[ICRA] BBB+ (Stable)

&: Rating Watch with Developing Implications

## 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 loans	May 2016	NA	Aug 2028	1067.32	[ICRA]BBB+; Rating watch with developing implications

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

**Corrigendum: Document dated November 11, 2024 has been revised with the following change:**

Rating under the rating history table for Press Release dated 13-Sep-21 has been corrected to [ICRA]BBB+ (Stable) from [ICRA]A (CE) (Stable)

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