

November 11, 2024

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 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, Ashoka Highways (Durg) Limited, Ashoka Belgaum Dharwad Tollway Limited, Ashoka Sambalpur Baragarh Tollway Limited and Ashoka Dhankuni Kharagpur Tollway Limited 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 noted the above event, and the rating remains unchanged at [ICRA]A1+ (pronounced ICRA A one plus) on the Rs. 100.00 crore commercial paper of ABL. From the proposed total consideration to be received, Rs. 1,526 crore will be used to facilitate the exit of SBI Macquarie, which currently holds 34% stake in ACL, Rs. 150 crore will be utilised for acquiring the 26% stake of SBI Macquarie in Jaora Nayagaon Toll Road Company Private Limited (JNTRCPL) and the balance portion will be utilised for the working capital requirements of ABL. ICRA had factored in the support from ABL to meet the funding requirement of these five BOT toll subsidiaries towards major maintenance expenses and/or debt obligations. With the sale of these assets, ABL shall no longer be required to support these subsidiaries. Further, the stake sale was in line with ICRA's earlier expectation, and timely realisation of funds in the subsequent quarters remains critical from the credit perspective in reducing the working capital borrowings and improving the coverage metrics of ABL.

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 engaged 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, 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 19 are operational and 2 are 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	Current (FY2025)					Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023		FY2022	
	Type	Amount Rated (Rs Crore)	Nov 11, 2024	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+	-	-	-	-

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
INE442H14402*	Commercial paper	August 30, 2024	8.35%	November 26, 2024	100.00*	[ICRA]A1+

Source: Company; * Rs. 50 crore of Commercial Paper (CP) was issued by the company bearing ISIN number INE442H14402. The balance is yet to be placed

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)

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About ICRA Limited:

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Branches



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