

January 10, 2025<sup>(Revised)</sup>

## Ashoka Ranastalam Anandapuram Road 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	292.37	292.37	[ICRA]AAA; Placed on rating watch with developing implications
<b>Total</b>	<b>292.37</b>	<b>292.37</b>	

\*Instrument details are provided in Annexure-I

### Rationale

On December 31, 2024, Ashoka Buildcon Limited (ABL) has announced that Ashoka Buildcon Limited (ABL) and its subsidiary Ashoka Concessions Limited (ACL), have entered into securities purchase agreements 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 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 get concluded by September 30, 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 Ashoka Ranastalam Anandapuram Road Limited (ARARL) under rating watch with developing implications following the ongoing transaction of 100% stake sale of Ashoka Ranastalam Anandapuram Road Limited (ARARL) held by ACL/ABL to EIAL. ICRA will resolve the watch post the change in shareholding after understanding the impact of the transaction on the company's operational and financial profile and the financial policy of the incoming investor after concluding discussions with the new management. ICRA, however, understands, that ABL/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 - Hybrid Annuity</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

## About the company

Ashoka Ranastalam Anandapuram Road Limited (ARARL) 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) was formed to undertake construction, operation, and maintenance for six laning of NH16 from Ranastalam to Anandapuram (Visakhapatnam) from km 634.000 to km 681.000 (approx. 47 Km) in Andhra Pradesh under National Highway Development Project (NHDP) Phase V (Package II) on Design, Build, Operate and Transfer (Hybrid Annuity) basis.

The concession period for the project is 15 years after achieving PCOD on September 24, 2020. The total revised project cost of Rs. 1,173.02 crore is to be funded by equity of Rs. 104.6 crore (8.9% of project cost), PIM adjustment Rs. 47.5 crore (4.0%), term loan of Rs. 391 crore (33.3%) and NHAI grant of Rs. 474.84 crore (40.5%). The annuity and interest on outstanding annuities will be received on a semi-annual basis, along with the inflation adjusted O&M payments, with first year O&M receipt of Rs. 11.92 crore. The SPV achieved final COD on June 30, 2021, for the entire project length.

## Key financial indicators (audited)

Standalone	FY2022	FY2023
Operating income	64.7	70.1
PAT	10.9	8.7
OPBDIT/OI	62.2%	74.9%
PAT/OI	16.8%	12.4%
Total outside liabilities/Tangible net worth (times)	2.8	2.4
Total debt/OPBDIT (times)	9.3	6.7
Interest coverage (times)	1.3	1.9

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

ARARL follows IndAS 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	
	Type	Amount Rated (Rs Crore)	Jan 10, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long Term	292.37	[ICRA]AAA; Rating watch with developing implications	09-May-24	[ICRA]AAA (Stable)	-	-	17-Mar-23	[ICRA]AAA (Stable)	-	-
Term loan	Long Term	-	-	-	-	-	-	17-Mar-23	[ICRA]AAA (Stable); Withdrawn	16-Dec-21	[ICRA]AAA (Stable)
-	-	-	-	-	-	-	-	-	-	18-Jun-21	[ICRA]AA (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 loans	July 2022	-	Oct-2033	292.37 <sup>1</sup>	[ICRA]AAA; 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 January 10, 2025 has been revised with the following change

The rationale dates (June 18, 2021 and December 16, 2021) and corresponding rating level is captured in the rating history table in the revised version.

<sup>1</sup> Initially, project was sanctioned debt of Rs. 415 crore at the time of financial closure. In December 2022, the company refinanced loan with sanction limit of Rs. 362.57 crore and current outstanding loan stood at Rs. 292.37 crore.

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### Branches



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