

January 10, 2025

Ashoka Khairatunda Barwa Adda 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	208.91	208.91	[ICRA]AAA; Placed on rating watch with developing implications
Total	208.91	208.91	

*Instrument details are provided in Annexure-I

Rationale

On December 31, 2024, Ashoka Buildcon Limited (ABL) has announced that ABL and its subsidiary Ashoka Concessions Limited (ACL), have entered into share purchase agreement 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 (hybrid annuity model) 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 be concluded by September 30, 2025, subject to completion of certain conditions precedent as per the respective transaction Documents, including receipt of necessary approval/consent 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 Khairatunda Barwa Adda Road Limited (AKBARL) under rating watch with developing implications following the announcement of 100% stake of AKBARL 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	Corporate Credit Rating Methodology Roads - Hybrid Annuity
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

AKBARL is a 100% subsidiary of Ashoka Concessions Ltd (ACL/sponsor), the holding company of the road assets of Ashoka Buildcon Limited (ABL). The SPV was formed in April 2018 to undertake the six-laning of 40.33 km from Khairatunda to Barwa Adda Section (km. 360.30 to km. 400.13) of NH-2 in Jharkhand on a HAM basis. The construction and operations period for the project is 2 years and 15 years, respectively. The concession agreement was signed on April 27, 2018, and the project received the appointed date on January 8, 2019. The total project cost of Rs. 732.53 crore was funded by the equity of Rs. 93.43 crore (12.75% of project cost), term loan of Rs. 254.00 crore (34.67% of project cost) and the NHAI's grant, including PMI adjustment of Rs. 385.10 crore (52.57% of project cost). The annuity and interest on outstanding annuities will be received on a semi-annual basis, along with the O&M receipts, with the first year O&M receipt of Rs. 4.89 crore to be adjusted for inflation from the bid date. The project received the provisional COD on October 9, 2021 and the final COD on April 21, 2022.

Key financial indicators (audited)

	FY2023	FY2024
Operating income	60.6	68.1
PAT	17.0	21.9
OPBDIT/OI	75.2%	70.6%
PAT/OI	28.0%	32.2%
Total outside liabilities/Tangible net worth (times)	2.3	1.7
Total debt/OPBDIT (times)	5.5	4.8
Interest coverage (times)	2.1	2.5

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 amortisation; AKBARL 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					
Instrument	Type	Amount Rated (Rs Crore)	Jan 10, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long Term	208.91	[ICRA]AAA; Rating watch with developing implications	06-Dec-24	[ICRA]AAA (Stable)	31-Oct-23	[ICRA]AAA (Stable)	22-Jul-22	[ICRA]AA- (Stable)	10-Feb-22	[ICRA]A (Positive)

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	Sep 2018	NA	Nov 2034	208.91	[ICRA]AAA; Rating watch with developing implications

Source: Company

Note: Project was sanctioned debt aggregating to Rs. 245.73 crore and current rating is done on present outstanding debt of Rs. 208.91 crore as on October 31, 2024

[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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