

January 10, 2025

## Ashoka Belgaum Khanapur Road Private 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	295.00	295.00	[ICRA]A+; Placed on rating watch with developing implications
<b>Total</b>	<b>295.00</b>	<b>295.00</b>	

\*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 Belgaum Khanapur Road Private Limited (ABKRPL) under rating watch with developing implications following the announcement of 100% stake of ABKRPL 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

ABKRPL is a 100% subsidiary of ACL, a holding company of the road assets of ABL. The special purpose vehicle (SPV) was formed in April 2018, to undertake four-laning of 30.0 km (rigid pavement) from the Belgaum-Khanapur section (0.00 km to 30.00 km) of NH 4A in Karnataka on HAM. The construction and the operation period of the project are 2.5 years and 15 years, respectively. The concession agreement was signed on April 20, 2018 and the appointed date was received on March 07, 2019. The total project cost of Rs. 745.72 crore is proposed to be funded by an equity of Rs. 77.20 crore (10.35% of project cost), term loan of Rs. 295 crore (39.56% of project cost) and the NHAI's grant including PMI adjustment of Rs. 373.52 crore (50% 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. 3.00 crore to be adjusted for inflation from the bid date. The company has achieved PCC-1 for 16.345 km w.e.f. October 2021 and PCC-2 for 4.415 km w.e.f. January 13, 2023.

## Key financial indicators (audited)

	FY2023	FY2024
Operating income	110.4	55.9
PAT	17.1	21.9
OPBDIT/OI	39.9%	85.2%
PAT/OI	15.5%	39.1%
Total outside liabilities/Tangible net worth (times)	2.1	1.6
Total debt/OPBDIT (times)	3.9	3.4
Interest coverage (times)	2.8	2.8

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; ABKRPL 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	Type	Amount Rated (Rs Crore)	Current (FY2025)			Chronology of rating history for the past 3 years					
			Jan 10, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term-fund-based-Term loan	Long Term	295.00	[ICRA]A+; Rating watch with developing implications	26-Nov-24	[ICRA]A+ (Stable)	21-Aug-23	[ICRA]A+ (Stable)	25-Nov-22	[ICRA]A- (Stable)	11-Feb-22	[ICRA]A- (Negative)

## 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	FY2019	NA	FY2035	295.00	[ICRA]A+; 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

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