

July 21, 2025

## Ashoka Baswantpur Singnodi Road Private Limited: Rating upgraded and continues 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 limits – Term loan	390.00	390.00	[ICRA]AA rating upgraded from [ICRA]A+ and continues on Rating Watch with Developing Implications
<b>Total</b>	<b>390.00</b>	<b>390.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating upgrade of Ashoka Baswantpur Singnodi Road Private Limited (ABSRPL) favourably factors in the timely receipt of the first semi-annuity without any material deductions and subsequent creation of six month's debt servicing reserve account (DSRA). The company received the provisional completion certificate (PCC) from the authority for 96% of the project stretch (39.07 km completed) with effect from September 15, 2024 and the balance stretch of 1.53 km is expected to be completed by October 2025, thereby lowering the residual execution risk. The ratings consider the strong debt coverage metrics with a cumulative debt service coverage ratio (DSCR) above 1.25 times during the debt tenure. Further, ICRA draws comfort from the gap of 90 days between the annuity date and the scheduled debt servicing date providing cushion in case of any delay in annuity receipts. The rating considers the presence of six months' DSRA and a major maintenance reserve (MMR) for periodic maintenance in line with the lender's base case business model.

The rating factors in the stable annuity revenue stream over the term of the concession from the project owner and annuity provider, National Highway Authority of India (NHAI, rated[ICRA]AAA (Stable)), which is a key Central Government entity responsible for development and maintenance of India's national highway programme. The rating also considers the strong profile of the operations and maintenance (O&M) contractor and sponsor – Ashoka Buildcon Limited (ABL, rated [ICRA]A1+). Further, the ABL Group has a demonstrated track record of executing O&M works within the budgeted time and cost, which provides comfort.

The rating is, however, constrained by the exposure of ABSRPL's cash flows to inflationary risk as O&M receipts, though linked to inflation index (70% WPI and 30% CPI), may not be adequate to compensate for the actual increase in O&M/periodic maintenance expenses. ICRA notes the asset concentration risk owing to the dependency on a single project stretch, and thereby it must ensure satisfactory upkeep of the carriageway and undertake O&M and major maintenance of the project stretch as per the Concession Agreement to avoid any deductions from annuities and O&M payments. Any significant deductions of the annuities or O&M payments, or increase in O&M and MM expenses from the budgeted level, could impact its coverage metrics and remains a key rating monitorable.

The rating continues to be on Watch with Developing Implications, given the announcement of sale of 100% stake of ABSRPL to EAAA India Alternatives Limited (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. In the interim, ICRA understands that ABL will 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.

## Key Rating drivers and their description

### Credit strengths

**Annuity nature of project with timely receipt of first semi-annuity without any material deductions** – The project received the first semi-annuity, including O&M payment, in a timely manner and without any material deductions. The company has made the first repayment on June 13, 2025 from the first annuity receipt. It received the PCC from the authority for 96% of the project stretch (39.07 km completed) with effect from September 15, 2024 and the balance stretch of 1.53 km is expected to be completed by October 2025, thereby lowering the residual execution risk. It will have a stable annuity revenue stream over the term of the concession from the project owner and annuity provider, NHAI, which is a key Central Government entity responsible for development and maintenance of India's national highway programme. In case of any delay in annuity payment by the authority due to administrative reasons, the cushion of three months between the annuity due date and the repayment due date and availability of DSRA mitigates the risk to an extent.

**Strong debt coverage indicators and presence of structural features** – ABSRPL is expected to have a healthy debt service coverage metrics during the debt tenure. Further, structural features of the debt, such as an escrow account, a cash flow waterfall mechanism, DSRA equivalent to six months of debt servicing obligation and creation of an MMR provides comfort.

**Established track record of O&M contractor** – ABL has been appointed as the O&M contractor to take up routine maintenance activities at an annual fixed-price contract. The Ashoka Buildcon Group has a demonstrated track record of executing O&M works within the budgeted time and cost.

### Credit challenges

**Project returns exposed to inflation risk** – ABSRPL's cash flows are exposed to inflation risk as O&M receipts, though linked to inflation index (70% WPI and 30% CPI), may not be adequate to compensate for the actual increase in O&M/periodic maintenance expenses. The company will have to undertake O&M of the project stretch as per the Concession Agreement to avoid any deductions from annuities. The SPV has a fixed-price O&M contract with ABL. Hence, any significant deterioration in the credit profile of the O&M contractor will impact the SPV's ability to undertake maintenance and will remain a key monitorable.

**Lane availability and satisfactory upkeep to be ensured for annuity payments** – ABSRPL's sources of income are the annuity, interest on outstanding annuities and annual O&M payments from the NHAI. ICRA notes the single asset nature of the project operations, thereby making the debt metrics of the project sensitive to any deductions in annuity and O&M receipts. Hence, ensuring satisfactory upkeep of the carriageway as per the provisions of the Concession Agreement to avoid any deductions in the annuity amount will be a key credit sensitivity for ABSRPL going forward. Any material increase in regular or periodic maintenance expenditure will have an adverse impact on the debt coverage metrics and remain a key credit sensitivity.

### Liquidity position: Adequate

ABSRPL's liquidity position is adequate. The pending engineering, procurement and construction (EPC) cost of Rs. 9.97 crore as on March 31, 2025 is expected to be funded by an undrawn debt of Rs. 10.24 crore and the balance equity, if required. The company has debt repayments of Rs. 51 crore in FY2026, which can be comfortably met through cash flow from operations.

### Rating sensitivities

**Positive factors** – As the rating is placed under Watch with Developing Implications on the back of the proposed asset sale, it will be resolved once the transaction is consummated. However, the rating could be upgraded upon sustained track record of annuity and O&M payments without any deduction and finalisation of the completion cost.

**Negative factors** – As the rating is placed under Watch with Developing Implications on the back of the proposed asset sale, it will be resolved once the transaction is consummated. Pressure could arise if there are major deductions or delays in the

receipt of semi-annual annuities or O&M payments. Further, any cost overruns adversely impacting the debt coverage metrics and/or nonadherence to the debt structure could exert pressure on the rating.

## 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 Baswantpur Singnodi Road Private Limited (ABSRPL) is a 99.99% subsidiary of Ashoka Buildcon Limited (ABL). The special purpose vehicle (SPV) was formed in March 2022 to develop a six-lane access controlled greenfield highway from Km 162.500 to Km 203.100 on Baswantpur to Singnodi section of NH-150C (Package-IV of Akkalkot – KNT/TS Border) on Hybrid Annuity Mode under Bharatmala Pariyojna. The construction and concession period for the project is 2.5 years and 15 years respectively. The SPV signed concession agreement on May 17, 2022 and has received the appointed date on November 13, 2022. The total project cost is Rs. 1,081.91 crore and it is likely to be funded by equity of Rs. 260.3 crore (24.06% of project cost), term loan of Rs. 390 crore (36.04%) and NHAI grant of Rs. 457.90 crore (39.89%). The PCOD received in October 2024 that will be effective from September 15, 2024.

## Key financial indicators

Key financial indicators are not applicable as ABSRPL has only started partial operations and yet to achieve full commercial operations and is yet to report financial numbers for a full fiscal.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current year (FY2026)			Chronology of rating history for the past 3 years						
	Type	Amount Rated (Rs Crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	390.0	Jul 21, 2025	[ICRA]AA; Rating Watch with Developing Implications	Jan 10, 2025	[ICRA]A+; Rating Watch with Developing Implications	Nov 28, 2023	[ICRA]A (Stable)	Dec 09, 2022	[ICRA]A (Stable)
			-	-	Dec 06, 2024	[ICRA]A+ (Positive)	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund-based limits – 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	Oct 2022	NA	FY2039	390.00	[ICRA]AA; 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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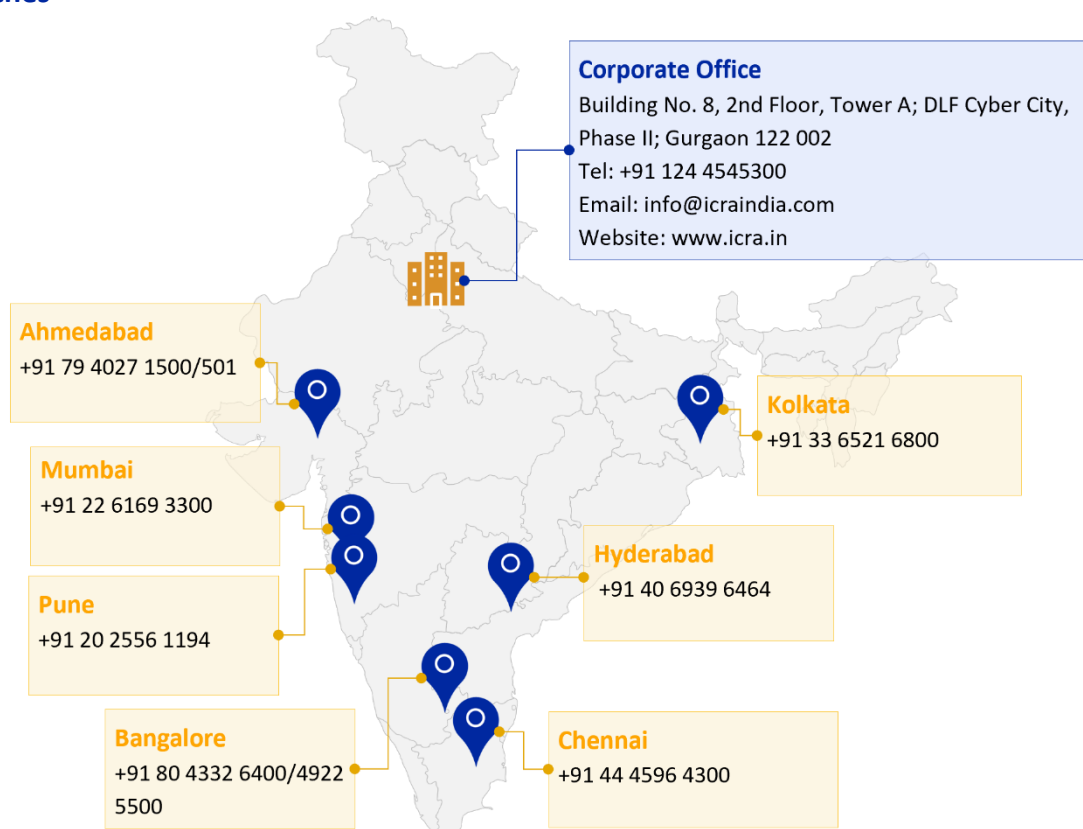
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