

September 19, 2025

Ashoka Ankleshwar Manubar Expressway Private Limited: Rating continues to be on 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	516.99	478.97	[ICRA]AAA; continues on Rating Watch with Developing Implications
Total	516.99	478.97	

*Instrument details are provided in Annexure I

Rationale

The rating for Ashoka Ankleshwar Manubar Expressway Private Limited (AAMEPL) favourably factors in the healthy track record of receipt of six semi-annuity payments including operations and maintenance (O&M) payments till date from the National Highway Authority of India (NHAI, rated [ICRA]AAA (Stable)), in a timely manner, without any major penalties/deductions. The rating considers the healthy debt coverage metrics with cumulative debt service coverage ratio (DSCR) above 1.25 times during the debt tenure. Further, the term loan interest rate is linked to repo rate mitigating the interest rate risk as it provides a natural hedge, given that the interest on annuities is linked to the Reserve Bank of India's (RBI) bank rate. The rating positively notes the presence of structural features of the debt, including the presence of escrow, cash flow waterfall mechanism, restricted payment clause with a minimum DSCR of 1.15 times, debt service reserve account (DSRA) equivalent to six months of debt obligations and a major maintenance reserve (MMR) for its periodic maintenance requirements. ICRA notes that there is a cushion of 18/19 days available between the annuity receipt date and the scheduled debt servicing date of the loan facilities, along with the presence of pre-default defined usage DSRA¹, which provides comfort.

The rating considers the 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 the development and maintenance of India's national highway programme. The rating notes the strong profile of the O&M contractor and sponsor – Ashoka Concessions Limited (ACL) – the holding company of the road assets of Ashoka Buildcon Limited (ABL, rated [ICRA]A1+). AAMRPL has entered into an annual fixed-price contract with ACL to take up routine maintenance activities. The demonstrated track record of the Ashoka Group in executing O&M works within the budgeted time and cost provides comfort.

The rating, however, factors in the exposure of AAMEPL's cash flows 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. ICRA notes the single asset nature of the project exposing its debt metrics to any deductions in annuity and O&M receipts. Hence, the company must ensure satisfactory upkeep of the carriageway and undertake O&M of the project stretch as per the Concession Agreement to avoid any deductions from annuities. Any significant deductions from annuities or rise in routine and major maintenance (MM) expenses from the budgeted level could impact its coverage metrics, which remain a key rating monitorable. The debt structure remains moderate due to the presence of the cross-default clause, whereby a default by the sponsor will constitute as an event of default for AAMEPL and could lead to acceleration of its debt at the lender's discretion. However, given its favourable operational and financial profile (healthy coverage metrics and strong

¹ As per facility agreement, in case of shortfall in escrow account, DSRA can be used by lenders for servicing debt servicing obligations on the respective due dates

counterparty – NHAI), if such a clause is exercised by the lender, the company is expected to be able to refinance its debt within the available grace period, thereby mitigating the risk to a major extent.

The rating continues to be on Watch with Developing Implications, given the announcement of 100% stake acquisition of AAMEPL by 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 the sponsor, ACL 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 track record of six semi-annuities in a timely manner – The project will have a stable annuity revenue stream over the term of the concession from the project owner and annuity provider, the NHAI, which is a key Central Government entity responsible for development and maintenance of India's national highway programme. Till date, AAMEPL received six semi-annuity payments, including O&M payment, without any major penalties in a timely manner. The company received the last two annuities within five days from the due date and ICRA expects the same to continue going forward. The buffer of 18/19 days between the scheduled annuity date and the scheduled debt servicing date, and the availability of liquidity in form of pre-default defined use of DSRA provides comfort and mitigates the risk of delay in annuity payments (if any).

Healthy projected debt coverage indicators and presence of structural features – The projected debt coverage metrics are healthy with a cumulative DSCR of above 1.25 times during the debt tenure. Further, the credit profile is supported by the presence of various structural features of the debt including the presence of escrow, cash flow waterfall mechanism and restricted payment clause with a minimum DSCR of 1.15 times, creation of DSRA equivalent to six months of debt servicing obligations, as well as creation of the MMR from future annuities, provide credit support. The company maintains a DSRA of Rs. 42.47 crore as on June 30, 2025, which is sufficient to cover six months of debt obligations.

Established track record of O&M contractor – AAMEPL is a wholly-owned subsidiary of ACL, which is a part of the Ashoka Buildcon Group. ACL 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

Ensuring routine and periodic maintenance expenses within budgeted levels – ICRA notes the single asset nature of the project, which exposes its debt metrics to any deductions in annuity and O&M receipts. Hence, the company must ensure satisfactory upkeep of the carriageway and undertake maintenance of the project stretch as per the Concession Agreement to avoid any deductions from annuities. In absence of a pre-defined MM schedule in the Concession Agreement, periodic maintenance is required on a need basis, which may result in a volatility in operating expenses. The project stretch is based on rigid pavement, which generally does not require a large-scale MM activity unlike a flexible pavement road. Further, AAMEPL'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 maintenance expenses. Any significant deductions from the annuities or rise in routine and MM expenses from the budgeted level could impact its coverage metrics, which remain a key rating monitorable. In this regard, ICRA has taken comfort from the strong estimated cash flow and additional cushion built in the cost estimates for undertaking the O&M and MM expenditure. AAMEPL has appointed ACL as an O&M contractor.

Moderate debt structure due to presence of cross default clauses – AAMEPL's debt terms have a cross default clause, whereby any default by the sponsor will constitute as an event of default for the company and could lead to acceleration of its debt at the lender's discretion. Given its favourable operational and financial profile (robust coverage metrics and strong counterparty

– NHAI), if such a clause is exercised by the lender, the company is expected to be able to refinance its debt within the available time period, thereby mitigating the risk related to the cross default to a major extent.

Liquidity position: Adequate

AAMEPL's liquidity position is adequate. The company has a free cash balance of Rs. 165.06 crore as on June 30, 2025, and a DSRA of Rs. 42.47 crore equivalent to six months' debt servicing obligations, which supports its liquidity position. Going forward, it has a debt obligation of Rs. 78.9 crore in FY2026 and Rs. 78.5 crore in FY2027, which can be comfortably met from its cash flow from operations.

Rating sensitivities

Positive factors – Not Applicable

Negative factors – Pressure on the rating could arise if there are major deductions or delays in the receipt of semi-annual annuities or O&M payments, or the O&M expenses significantly exceed the estimates. Increase in indebtedness leading to material reduction in debt coverage metrics or non-adherence to the debt structure may result in rating pressure.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Roads – Hybrid Annuity
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

AAMEPL is a 100% subsidiary of ACL (sponsor), a holding company for ABL's road assets. The SPV was formed in April 2018 to undertake eight-laning of Vadodara Kim Expressway (Ankleshwar to Manubar section of Vadodara Mumbai Expressway) from km. 279.0 to km. 292.0 in Gujarat on HAM basis. The construction and operations period for the project is 2.5 years and 15 years, respectively. The Concession Agreement was signed on May 11, 2018 and the appointed date was received on December 10, 2018. The annuity and interest on the outstanding annuities will be received on a semi-annual basis, along with O&M receipts. The first-year O&M receipt of Rs. 2.6 crore is to be adjusted for inflation from the bid date. The company has achieved the final completion certificate on April 02, 2024 for the project length of 11.25 km.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	119.3	106.8
PAT	43.4	47.8
OPBDIT/OI	85.2%	89.6%
PAT/OI	36.4%	44.8%
Total outside liabilities/Tangible net worth (times)	1.8	1.4
Total debt/OPBDIT (times)	5.3	5.2
Interest coverage (times)	2.0	2.2

Source: Company, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore; AAMEPL 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 rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	September 19, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long term	478.97	[ICRA]AAA; Rating Watch with Developing Implications	Sep 17, 2024	[ICRA]AAA (Stable)	Mar 26, 2024	[ICRA]AA (Positive)	May 09, 2022	[ICRA]A (Positive)
				Jan 10, 2025	[ICRA]AAA Rating Watch with Developing Implications	-	-	Dec 15, 2022	[ICRA]AA (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	Fund-based – Term loan	Oct 2018	NA	April 2035	478.97 ²	[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

² Initially, the project was sanctioned debt of Rs. 600 crore at the time of financial closure. In December 2022, the company refinanced loan with sanction limit of Rs. 590 crore and current rated amount is in accordance with the outstanding loan.

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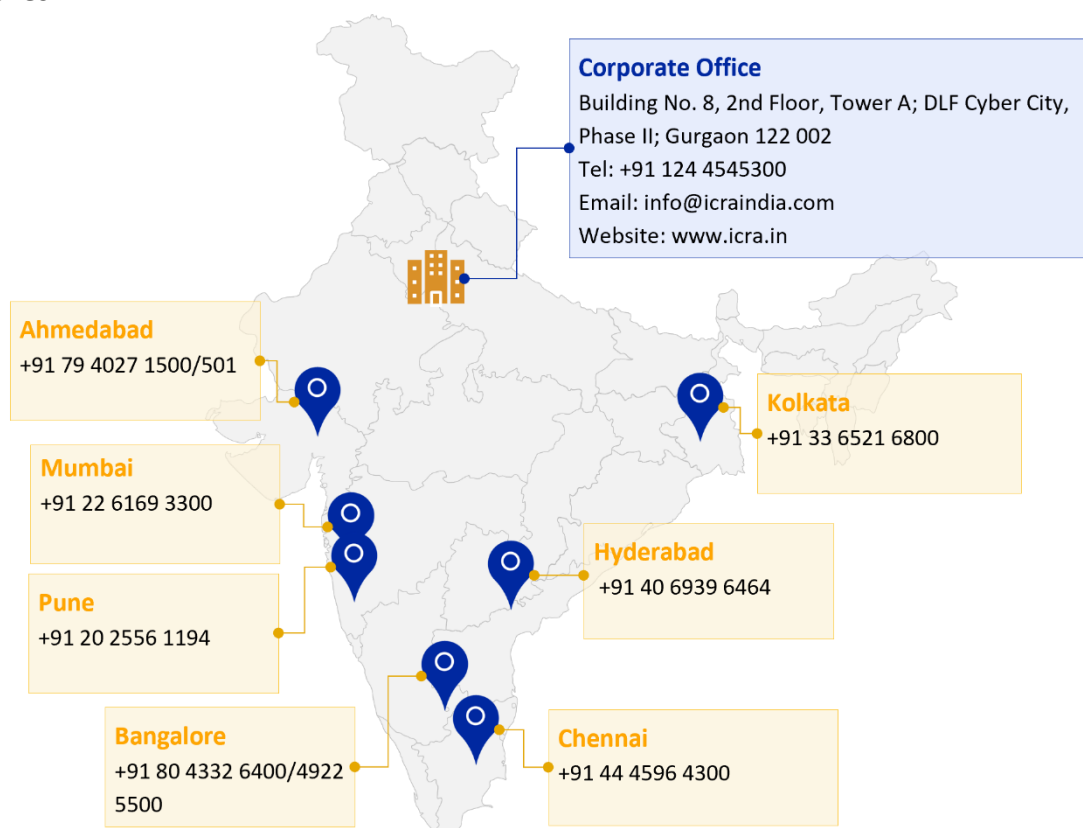
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