

October 30, 2025

Ashoka Buildcon Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	100.00	100.00	[ICRA]A1+; reaffirmed
Total	100.00	100.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation of Ashoka Buildcon Limited (ABL) considers the expected deleveraging in near term through the ongoing monetisation drive, which is likely to strengthen the debt coverage metrics over the near to medium term. The company received monetisation proceeds of around Rs. 1,146 crore in September 2025, through the sale of five hybrid annuity (HAM) assets to Epic Concesiones 2 Private Limited and Infrastructure Yield Trust (Edelweiss Group). Further, it is expecting to receive around Rs. 1,750 crore of proceeds through the sale of five BOT (Toll) assets to Maple Infrastructure Trust (MIT, rated [ICRA] AAA (Stable)) in Q3 FY2026 and another Rs. 1,150 crore through the sale of balance six HAM assets to the Edelweiss Group by H1 FY2027. The proceeds through the sale of the assets are expected to be utilised for providing exit to SBI Macquarie from Ashoka Concessions Limited (ACL), reduce working capital borrowing and funding future developmental projects of the company.

The rating continues to factor in the established track record of operations, healthy order book position of Rs. 15,886 crore (as on June 30, 2025) and geographically diversified presence across the country. Moreover, overseas and segmental diversification with presence in road (61%), power (18%), smart infra (11%), railways (5%) and buildings and water (5%) as on June 30, 2025, also provides comfort. The rating considers the extensive experience of ABL with over four decades in the construction industry, along with its strong execution capabilities.

ICRA understands that ABL is required to facilitate the exit to SBI Macquarie (investor), the 34% shareholder in ACL, for a total consideration of Rs. 1,546 crore. In September 2025, the company has utilised the proceeds received from sale of five HAM assets for acquiring partial stake of SBI Macquarie in ACL for a consideration of Rs. 882 crore. The balance stake shall be acquired, as and when the monetisation proceeds from the sale of BOT (Toll) or HAM assets are received. ICRA does not expect ABL to raise any debt to meet the payout requirements for SBI Macquarie. The payout is contingent on the completion of asset monetisation and will be paid as and when the monetisation proceeds are realised. Hence, timely completion of asset transfer and receipt of monetisation proceeds is important for providing exit to SBI Macquarie and reducing the working capital borrowings and remains a key rating monitorable.

The rating factors in the volatility in margins, with moderation in profitability over the past five years to 7.7% in FY2025 from the highs of 14.9% in FY2020, driven by a change in revenue mix to a relatively lower share of revenues from captive hybrid annuity mode (HAM) projects (i.e., from 52% in FY2020 to 11% in FY2025) and execution of low-margin projects. However, the operating margins for FY2026 are expected to improve marginally from FY2025 levels with the completion of lower-margin projects and start of execution of newly received project, which are margin accretive. The extent of such improvement remains a key rating monitorable.

ABL's indebtedness increased with TOL/TNW at 1.32 times as on March 31, 2025 from 0.97 times as on March 31, 2022, owing to rise in working capital borrowings and mobilisation advances. Further, the interest coverage declined to 1.85 times (interest coverage adjusted for loans and advances from Group entities stood at 2.23 times for FY2025) for FY2025 from 6.85 times in FY2020, owing to a dip in profitability and increased interest expenses majorly on account of elevated interest-bearing mobilisation advances and higher working capital utilisation. The coverage metrics are expected to improve in the medium

term owing to reduction in working capital borrowing and interest-bearing mobilisation advances, supported by the receipt of monetisation proceeds and an improvement in profitability margins.

ABL has a total pending equity commitment of around Rs. 142 crore for the under-construction HAM projects, expected to be infused in FY2026. Further, the company has received a new HAM project, which is yet to receive the appointed date from the authority, National Highways Authority of India (NHAI). The equity commitment for the same stands at Rs. 225 crore, which is expected to be infused over the next two years. Moreover, two of its operational toll assets are dependent on ABL to meet their expenses for operations and maintenance (O&M)/ major maintenance (MM)/debt obligations and the support required for these operational assets is considered in ICRA's assessment. ABL's cash flows from operations are likely to be comfortable to meet its equity commitments for the HAM projects and to support the toll assets. Further, these projects are expected to be transferred to MIT in Q3 FY2026, thereby reducing the support requirement of ABL going forward. However, timely monetisation of the toll assets is a key rating monitorable for the company, and any delays will constrain its leverage and coverage metrics and will be credit negative.

Key rating drivers and their description

Credit strengths

Healthy order book position; diversified order book across segments and geographies – The order book position improved to Rs. 15,886 crore as on June 30, 2025, from Rs. 10,356 crore as on June 30, 2024, with OB/OI ratio of 2.3 times, providing medium-term revenue visibility. ABL's operating income recorded a CAGR of 16.6%, rising to Rs. 7,061 crore in FY2025 from Rs. 3,818 crore in FY2021, driven by a healthy order book and improved execution. The scale of operations is expected to be sustained in the medium term, supported by the healthy order book position.

ABL's order book is geographically diversified with presence across 19 states in India and overseas markets. The order book also provides segmental diversification, with presence across roads (61%), power (18%), smart infra (11%), railways (5%) and buildings and water works (5.7%) as on June 30, 2025.

Monetisation of assets expected to result in deleveraging and improvement of debt coverage metrics – The company is currently in the process of monetisation of 11 hybrid annuity (HAM) assets and five BOT (Toll) assets to the Edelweiss Group and MIT respectively. It received monetisation proceeds of around Rs. 1,146 crore in September 2025, through the sale of five hybrid annuity (HAM) assets to Epic Concesiones 2 Private Limited and Infrastructure Yield Trust (Edelweiss Group). Further, it is expecting to receive around Rs. 1,750 crore of proceeds through the sale of five BOT (Toll) assets to MIT in Q3 FY2026 and another Rs. 1,150 crore through the sale of balance six HAM assets to the Edelweiss Group by H1 FY2027. The proceeds through the sale of the assets are likely to be utilised for providing exit to SBI-Macquarie from ACL, reduce working capital borrowing and funding ABL's future developmental projects. The monetisation drive is expected to help in deleveraging in the near term, which is likely to strengthen the debt coverage metrics over the near to medium term.

Experienced management; track record of timely completion of EPC and BOT projects – ABL has extensive experience of over four decades in the construction segment and has demonstrated strong execution capabilities. At present, the company is executing orders for its reputed clients comprising Government bodies like the National Highways Authority of India (NHAI, rated [ICRA]AAA(Stable)/A1+), the Ministry of Road Transport and Highways (MoRTH), Mumbai Metropolitan Region Development Authority (MMRDA), Maharashtra State Road Development Corporation (MSRDC), among others.

Credit challenges

Moderate profitability margins, leverage and coverage metrics – ABL's operating margins moderated over the past five years to 7.7% in FY2025 from the highs of 14.9% in FY2020, driven by a change in revenue mix to a relatively lower share of revenues from captive HAM projects (i.e., from 52% in FY2020 to 11.6% in Q1 FY2026) and the execution of low margin projects. The operating margins for FY2026 are expected to improve marginally from FY2025 levels, with the completion of low-margin projects. The extent of such improvement remains a key rating monitorable. Further, ABL's indebtedness increased with

TOL/TNW of 1.32 times as on March 31, 2025 from 0.97 times as on March 31, 2022, owing to rise in working capital borrowings and mobilisation advances. Moreover, the interest coverage declined to 1.85 times (interest coverage adjusted for loans and advances from group entities stood at 2.23 times for FY2025) for FY2025 from 6.85 times in FY2020, owing to a dip in profitability and increased interest expenses majorly on account of elevated interest-bearing mobilisation advances and higher working capital utilisation. The coverage metrics are expected to improve in the medium term owing to reduction in working capital borrowing and interest-bearing mobilisation advances, supported by the receipt of monetisation proceeds and an improvement in profitability margins. Hence, timely monetisation of the toll assets is a key rating monitorable for the company, and any delays will constrain its leverage and coverage metrics and will be credit negative.

Intense competition in construction industry – ABL procures orders through competitive bidding. The presence of multiple players and heightened competition in the road sector for both EPC and HAM projects constrained the operating margins. However, the built-in price variation clause in most contracts mitigates the risk to an extent.

Environmental and social risks

Ashoka Buildcon Limited operates at multiple project sites simultaneously, and therefore, the risk of business disruptions on account of physical climate risks is low. In cases where ABL is required to deploy additional or specific equipment to contain environmental harm that increases its operating costs, it has the flexibility to seek compensation from its clients. However, given that construction activities contribute to air pollution, entities like ABL remain exposed to the risk of temporary bans on operations in cities that are more sensitive to deteriorating air quality.

Construction entities like ABL face social risks stemming from the health and safety concerns of workers, manifestation of which could invite regulatory or legal action, besides reputational harm. Further, ABL has a track record of maintaining healthy relationships with its workers/employees, including contractual labour with no material incidents of a slowdown in execution because of workforce management issues.

Liquidity position: Adequate

ABL's liquidity is adequate with unencumbered/free cash and bank balances of around Rs. 135 crore and a sizeable cushion in working capital limits of Rs. 393 crore with utilisation of fund-based limits remaining moderate at 33% as on March 31, 2025. The cash flow from operations is expected to be sufficient for meeting debt repayment of Rs. 97 crore, moderate capex of around Rs. 100 crore and its funding commitment towards SPVs in FY2026.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on the rating could arise if the company is unable to materially improve its operating profitability and coverage metrics. Further, delays in realising proceeds or closure of the asset monetisation will be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has fully consolidated one entity, where ABL has extended a corporate guarantee. For other SPVs, ICRA has undertaken limited consolidation factoring in the expected need-based funding support. The list of companies considered for limited/full consolidation are given in Annexure II below.

About the company

Ashoka Buildcon Limited is the flagship company of the Nashik-based Ashoka Buildcon Group that is primarily involved in infrastructure construction activities pertaining to the road and power sectors. Incorporated in 1993, it constructed residential, commercial, industrial, and institutional buildings until 1997. The company won its first BOT project in 1997. At present, operations comprise BOT and EPC road projects, EPC power T&D projects, railways, construction of bridges, buildings, water supply projects, smart-infra projects and manufacturing of ready-mix concrete. The company also ventured into the commercial gas distribution business in 2016 by winning its first order to build and operate a gas distribution network in Ratnagiri district, Maharashtra. This asset has been successfully monetised to Mahanagar Gas Limited in February 2024. The Group is one of the leading highway developers in India. ABL is listed on both the Bombay Stock Exchange and National Stock Exchange.

Key financial indicators (audited)

Ashoka Buildcon Limited (Standalone)	FY2024	FY2025
Operating income	7726.7	7061.4
PAT	442.3	197.0
OPBDIT/OI	7.5%	7.7%
PAT/OI	5.7%	2.8%
Total outside liabilities/Tangible net worth (times)	1.27	1.32
Total debt/OPBDIT (times)	2.51	3.78
Interest coverage (times)	2.53	1.85

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; ABL 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	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Oct 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Commercial paper	Long Term	100.00	[ICRA]A1+	Oct 30, 2024	[ICRA]A1+	Oct 10, 2023	[ICRA]A1+	-	-
				Nov 11, 2024	[ICRA]A1+	-	-	-	-
				Jan 10, 2025	[ICRA]A1+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Very 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
INE442H14477*	Commercial paper	September 24, 2025	7.60%	December 23, 2025	100.00*	[ICRA]A1+

Source: Company; * Rs. 50 crore of Commercial Paper (CP) was issued by the company bearing ISIN number INE442H14477. The balance is yet to be placed

Annexure II: List of entities considered for consolidated analysis

Company Name	ABL ownership	Consolidation Approach
Ashoka Concessions Limited	66%	Limited Consolidation
Ashoka Dhankuni Kharagpur Tollway Limited	66%*	Limited Consolidation
Ashoka Belgaum Dharwad Tollway Limited	66%*	Limited Consolidation
Ashoka Sambalpur Baragarh Tollway Limited	66%*	Full Consolidation
Ashoka Highways (Durg) Limited	66%*	Limited Consolidation
Ashoka Highways (Bhandara) Limited	82.66%*	Limited Consolidation
Ashoka Karadi Banwara Road Private Limited	66%*	Limited Consolidation
Ashoka Mallasandra Karadi Road Private limited	66%*	Limited Consolidation
Ashoka Belgaum Khanapur Road Private Limited	66%*	Limited Consolidation
Ashoka Bettadahalli Shivamogga Road Private Limited	100%	Limited Consolidation
Ashoka Banwara Bettadahalli Road Private Limited	100%	Limited Consolidation
Ashoka Baswantpur Signodi Road Private Limited	100%	Limited Consolidation
GVR Ashoka Chennai ORR Limited	100%	Limited Consolidation
Jaora Nayagaon Toll Road Company Private Limited	35.18%*	Limited Consolidation

Source: ICRA Research; Company * Effective ownership of ABL (ABL holds 66% in Ashoka concessions limited and ACL in turn holds equity stake in these entities) as on March 31, 2025

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