March 23, 2026

Ashoka Banwara Bettadahalli Road Private Limited: Continues 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	250.00	250.00	[ICRA]AA-; Continues on watch with developing implications
Total	**250.00**	**250.00**	

**Instrument details are provided in Annexure-I*

Rationale

The rating of Ashoka Banwara Bettadahalli Road Private Limited (ABBRPL) favourably factors in the receipt of the four annuities without any material deductions and achievement of provisional completion certificate (PCC) for 88.6% of the project stretch. While the first annuity was linked to the cost incurred till provisional completion certificate 1 (PCC-I, achieved 39.05 km with effective from October 17, 2023), the rest three annuities received corresponding to the PCC 2 cost achieved for additional 3.92 km of the stretch with effect from October 15, 2024. It has further completed work on 3.22 km and has applied for PCC-III, which is expected to be received shortly, thereby alleviating the execution risk to a large extent. Although the receipt of the first and second annuity payment was delayed on account of procedural delays from the authority, the company received the third and fourth annuity without any significant delays. ICRA expects timely receipt of annuity payments without any major deductions, going forward. Further, ICRA draws comfort from the gap of 60 days between the annuity date and the scheduled debt servicing date, providing cushion in case of any delay in annuity receipts.

ABBRPL has also created a debt service reserve (DSR) of Rs. 15.50 crore, equivalent to six months' debt servicing obligations as on December 31, 2025, in line with the lenders' base case model, providing comfort. The rating factors in its robust debt coverage metrics, following the change in benchmark interest rate to a repo rate-linked structure from the lender's marginal cost of lending rate (MCLR), resulting in a reduced interest burden. This provides a natural hedge, aligning better with cash inflows as the interest on annuities is linked to the Reserve Bank of India's (RBI) Bank Rate. The rating notes the stable revenue stream, post commissioning with 60% of the inflation-adjusted bid project cost being paid out as annuity, along with interest at bank rate plus 300 bps and operations and maintenance (O&M) payments (adjusted for inflation) 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 the development and maintenance of India's national highway programme.

The rating, however, remains constrained by the residual execution risks for around 1 km of the available stretch, as on December 31, 2025. Nevertheless, the company is adequately placed to fund the balance completion cost through undrawn sanctioned debt, internal cash accruals and balance equity infusion, alleviating the execution risks to a large extent. Further, 1.32 km of the stretch is not available due to land acquisition issues, which is likely to be descoped and is waiting for the approval from the authority. However, the implementation risk is mitigated to an extent by the presence of a fixed-price engineering, procurement and construction (EPC) contract with Ashoka Buildcon Limited (ABL, rated [ICRA]A1+) for executing the project, who has strong execution capabilities and has demonstrated track record of completing the project within the budgeted cost.

ICRA also notes the single-asset nature of the project operations and thereby must ensure satisfactory upkeep of the carriageway and undertake operation O&M and major maintenance of the project stretch as per the concession agreement (CA) to avoid any deductions from annuities and O&M payments. Also, the project 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 rise in O&M and periodic maintenance (MM) expenses. Any significant deductions in the annuities or O&M payments or increase in O&M and MM expenses from the budgeted level could impact its coverage metrics and remain the key rating monitorable factor. The debt structure remains moderate due to the presence of the cross-default clause, whereby a default by the sponsor or subsidiaries will constitute as an event of default for ABBRPL and could lead to acceleration of its debt at the lender's discretion. However, given its favourable operational and financial profile (strong coverage metrics and 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 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 purchase of ABBRPL 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 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

Successful achievement of provisional COD and receipt of four annuities – ABBRPL received the provisional completion certificate w.e.f. October 17, 2023 for 39.050 km and achieved PCC 2 for additional 3.92 km w.e.f. October 15, 2024 and received four annuities till date without any major deductions. While the first annuity is linked to the cost incurred till provisional completion certificate (PCC-I), the rest three annuities correspond to the PCC 2. Although the receipt of the first and second annuity payments was delayed on account of procedural delays by the authority, the company received the third and fourth annuity without any significant delays. The company expects timely receipt of annuity payments without any major deductions, going forward. Further, ICRA draws comfort from the gap of 60 days between the annuity date and the scheduled debt servicing date providing cushion in case of any delay in the annuity receipts.

Healthy projected debt coverage indicators and presence of structural features – ABBRPL is expected to have robust coverage metrics with the cumulative DSCR likely to remain above 1.25 times during the debt tenure. Further, structural features of the debt, such as the presence of escrow, a cash flow waterfall mechanism, and restricted payment clause with a minimum DSCR of 1.10 times, provide comfort. The company has created a DSRA of Rs. 15.50 crore, equivalent to six months' debt servicing obligations, and maintains MM reserve of Rs. 17.88 crore as on December 31, 2025, in line with the lenders' base case model.

Established track record of O&M contactor – ABL has been appointed as the O&M contractor to take up routine maintenance activities at an annual fixed-price contract, which has a demonstrated track record of executing maintenance works within the budgeted time and cost. Further, ABL has provided an undertaking towards financial support in case of any shortfall in maintenance expenses and debt servicing in the operational phase.

Credit challenges

Residual execution risk – The project is exposed to residual execution risks for around 1 km of the available stretch, as on December 31, 2025. Nevertheless, the company is adequately placed to fund the balance completion cost through undrawn sanctioned debt, internal cash accruals and balance equity infusion, thus mitigating the execution risks to a large extent. Further, the company has applied for descoping of 1.32 km due to pending acquisition issues, and is waiting for the approval from the authority. The company is expected to complete the balance project works within the extended timelines and the progress of the project will be a key rating monitorable. However, the risk is mitigated to an extent by the strong project execution capabilities of ABL. The company has completed works for 3.22 km of stretch and has applied for PCC-III, which is expected to be received shortly.

Undertaking maintenance as per the concession requirement; cash flows exposed to inflation risk – Post commissioning, ABBRPL'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, the company must ensure satisfactory upkeep of the carriageway as per the provisions of the concession agreement to avoid any deductions from the annuity amount. Also, the project 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 rise in maintenance expenses. Any significant deductions in the annuities or O&M payments or increase in maintenance expenses from the budgeted level could impact its coverage metrics and remain a key rating monitorable.

Moderate debt structure due to presence of cross-default clause – ABBRPL'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 period, thereby mitigating the risk related to the cross default to a major extent.

Liquidity position: Adequate

ABBRPL's liquidity position is Adequate. The pending project cost and bills payable of Rs. 77.5 crore are expected to be funded by undrawn debt of Rs. 45 crore, internal cash accruals and sponsor infusion, if required. The company had free cash balances of Rs. 45.6 crore as on December 31, 2025, providing comfort. Further, the company has debt repayment obligations of Rs. 17 crore in FY2027 and Rs. 14.8 crore in FY2028 and can be comfortably met from its operational cash flows. In addition, the company has created DSRA of Rs. 15.5 crore, equivalent of six months P+I and MMR of Rs. 17.88 crore as on December 31, 2025.

Rating sensitivities

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

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 if any additional debt availed by the special purpose vehicle (SPV) results in material deterioration of the debt coverage indicators. The rating could also come under pressure if there is any non-adherence to the debt structure or any material deterioration in the sponsor's credit profile.

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:

Ashoka Banwara Bettadahalli Road Private Limited (ABBRPL) is a 100% subsidiary of Ashoka Buildcon Limited (ABL). The SPV was formed to undertake four laning of 48.515 km of Tumkur – Shivamogga section (119.7-166.1 km) and Banwara to Bettadahalli section of NH-206 in Karnataka under Bharatmala Pariyojana on a hybrid annuity basis. The construction and concession period for the project is 2 years and 15 years, respectively. The concession agreement was signed on March 19, 2020, and the project achieved appointed date on March 15, 2021. The estimated total project cost of Rs. 788.7 crore is to be funded by equity of Rs. 93.91 crore (11.9% of project cost), PIM adjustment for the NHAI construction support of Rs. 30.63 crore (3.8%), term loan of Rs. 250.0 crore (31.7%) and the NHAI grant of Rs. 414.2 crore (52.51%). The project received PCC 1 w.e.f. October 17, 2023 for 39.05 km (80.5% stretch) and achieved PCC 2 w.e.f. October 15, 2025.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	199.2	137.3
PAT	22.4	24.6
OPBDITA/OI	24.3%	37.2%
PAT/OI	11.2%	17.9%
Total outside liabilities/tangible net worth (times)	1.9	1.5
Total debt/OPBDITA (times)	3.8	3.8
Interest coverage (times)	3.2	2.7

Source: Annual report; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortization
ABBRPL 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: The company also faces prepayment risk, given the possibility of accelerated payment upon the breach of certain financial covenants. Upon failure to meet the covenants, if it is unable to get waivers from the lenders or the lenders do not provide it with adequate time to arrange for alternative funding to pay off the accelerated loans, the rating would face pressure.

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Mar 23, 2026	Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	250.00	[ICRA]AA-; Rating watch with developing implications	04-Nov-24	[ICRA]AA- (Stable)	31-Oct-23	[ICRA]A+ (Stable)	18-Jul-22	[ICRA]A- (Stable)
				10-Jan-25	[ICRA]AA-; Rating watch with developing implications				

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**	Dec 2020	NA	June 2037	250.0	[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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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