

April 24, 2026

## Ashoka Belgaum Khanapur 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	295.00	262.61	[ICRA]A+; Continues on Rating Watch with Developing Implications
<b>Total</b>	<b>295.00</b>	<b>262.61</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating for Ashoka Belgaum Khanapur Road Private Limited (ABKRPL) factors in the receipt of eight semi-annuities for the completed stretch of 20.76 km without any deductions. The company has signed a new settlement agreement (SA-2) with the National Highways Authority of India (NHAI) for completion of construction of the balance stretch of 9.24 km by March 31, 2027. At present, it is undertaking the construction works of the same, wherein 100% of the land has been made available by the authority. The entity is well placed to undertake construction of the remaining stretch with the balance engineering, procurement and construction (EPC) cost of Rs. 187 crore, which is expected to be funded by the remaining debt drawdown of Rs. 118 crore, NHAI grant of Rs. 85 crore and equity of Rs. 13 crore. Over and above this, the company is likely to receive inflation-adjusted PIM component of grant from the authority. It has refinanced its debt with Axis Bank. Post the debt refinance, the interest rate risk is mitigated to a large extent, given the repo-linked term loan interest structure, which provides a natural hedge as the interest component of annuities is linked to the Reserve Bank of India's (RBI) bank rate, resulting in better alignment of inflows and outflows. Moreover, post the debt refinance, there is a buffer of around 80 days between the scheduled annuity receipt date and the scheduled principal repayment date, thereby providing adequate cushion in case of administrative delays in annuity payments, which provides comfort. The rating derives comfort from the maintenance of debt servicing reserve account (DSRA) of Rs. 9.3 crore and major maintenance reserve (MMR) of Rs. 3.12 crore as on March 31, 2026. The rating considers the inherent benefits of the hybrid-annuity based nature of the project. The project, once fully operational, is expected to have robust debt coverage metrics. Ashoka Concession Limited (ACL, through ultimate parent company, Ashoka Buildcon Limited (ABL, rated at [ICRA] A1+)) has provided an undertaking towards financial support for ABKRPL in case of cost overruns during the construction phase, any shortfall in receipt of annuity, operations and maintenance (O&M) and interest payouts by the NHAI till the receipt of final commercial operation date (COD) compared to the lender's approved base case financial model, which provides comfort. Moreover, the entity has healthy free cash balances of around Rs. 96 crore as on March 31, 2026, which is expected to mitigate any risk arising out of cost overrun or delay in receipt of annuities.

The rating is, however, constrained by the residual execution risk with physical progress of 69.68% as on December 31, 2025. The implementation risk is mitigated to an extent by the presence of a fixed-price, fixed-time EPC contract with ABL and its strong project execution capabilities. Its ability to complete the balance stretch of 9.24 km within the stipulated timelines viz. March 31, 2027 would remain important from the credit perspective. Further, ABKRPL'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. ICRA notes the single-asset nature of the project, which exposes it to revenue concentration risk. Consequently, the debt coverage metrics of ABKRPL remains exposed to the risk of deductions from 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 (CA) to avoid any deductions from annuities. The project stretch is based on rigid pavement, which generally does not require a large-scale MM activity unlike a flexible pavement road. However, undertaking routine and periodic maintenance in a timely manner and within the budgeted costs would remain important.

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.

The rating continues to be on Watch with Developing Implications, given the announcement of sale of 100% stake of ABKRPL 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 receipt of eight semi-annuities eliminating market risks** – ABKRPL received the provisional completion certificate (PCC-1) w.e.f. October 25, 2021 for 16.345 km length. Further, the company has received PCC-2 for 4.415 km length w.e.f. January 13, 2023, with the total completion length of 20.76 km till date. Consequently, the company has received eight semi-annuity payment (corresponding to the completion cost of 20.76 km) as on date without any major deductions. The rating considers the inherent benefits of the hybrid annuity mode (HAM) project include upfront availability of right of way (RoW), inflation-linked revisions to the bid project cost (BPC) during the construction and relatively low equity mobilisation risk as 40% of the BPC will be funded by the authority during the construction period in the form of grants. Further, the project will have a stable revenue stream post commissioning with 60% of the inflation-adjusted project cost being paid out as annuities, along with interest on reducing balance annuity at RBI's bank rate plus 300 bps, and inflation-adjusted O&M cost over the 15-year term of the concession from the project owner and annuity provider, the NHAI, which is a strong counterparty, thereby eliminating the market risks.

**Healthy projected debt coverage metrics upon achieving final COD** – ABKRPL is expected to have robust coverage metrics with the cumulative DSCR likely to remain above 1.25 times during the debt tenure post the receipt of final COD. 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 DSRA of Rs. 9.3 crore (equivalent to three months of interest and the next immediately due principal amount) and MMR of Rs. 3.12 crore as on March 31, 2026, in line with the lenders base case model.

**Undertakings from the sponsor** – ACL has provided an undertaking towards financial support for ABKRPL in case of cost overruns/any shortfall to meet the balance project cost for completion during the construction phase, any shortfall in receipt of annuity, O&M and interest payouts by the NHAI till the receipt of final COD compared to the lender's approved base case financial model, which provides comfort.

### Credit challenges

**Residual execution risk for 9.24 km of project stretch** – The project is exposed to residual execution risks with nearly 69.7% of physical progress achieved as on December 31, 2025. ICRA notes that 100% of the land has been made available by the authority for construction of the balance stretch. The company has signed a new settlement agreement (SA-2) with NHAI for completion of construction of the balance stretch of 9.24 km by March 31, 2027. At present, it is undertaking the construction works of the same. However, the implementation risk is mitigated to an extent by the presence of a fixed-price, fixed-time EPC contract with ABL and its strong project execution capabilities. Its ability to complete the balance stretch of 9.24 km within the stipulated timelines, viz. March 31, 2027, would remain important from the credit perspective.

**Ensuring routine and periodic maintenance expenses within the budgeted levels and as per concession agreement** – ABKRPL's sources of income include the annuity, interest on outstanding annuities and the annual O&M payments from the NHAI. ICRA notes the single-asset nature of the project, which exposes it to revenue concentration risk. Consequently, the

debt coverage metrics of ABKRPL remains exposed to the risk of deductions from 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 CA to avoid any deductions from annuities. The project stretch is based on rigid pavement, which generally does not require a large-scale MM activity unlike a flexible pavement road. However, undertaking routine and periodic maintenance in a timely manner and within the budgeted costs would remain important. 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.

**Project returns exposed to inflation risk** – ABKRPL’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. Hence, any significant deductions from annuities or increase in routine and major maintenance (MM) from the budgeted level could impact its DSCR and remains a key rating monitorable.

### Liquidity position: Adequate

ABKRPL’s liquidity position is adequate with free cash balances of Rs. 95.85 crore as on March 31, 2026. The company has created DSRA account of Rs. 9.3 crore and MMR of Rs. 3.12 crore as on March 31, 2026, in line with the sanction terms. Further, the cash flow from operations would be sufficient for principal repayment of Rs. 12.67 crore in FY2027 and Rs. 58.34 crore in FY2028. The pending project (EPC) cost for the balance stretch of 9.24 km is Rs. 187 crore and is comfortably placed to fund the same through pending equity infusion of Rs. 13 crore, balance debt drawdown of Rs. 118 crore and NHAI grant (excluding PIM) of Rs. 85 crore.

### 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 on sustained track record of receipt of annuities without any material deductions and if the company achieves the COD as per the expected timelines without any cost overrun and finalisation of 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 on rating could arise if there is a delay in annuities or cost overruns or additional indebtedness adversely impacts the debt coverage metrics. Further, any deterioration in the credit profile of the sponsor could exert pressure on the rating.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology 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 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 25, 2021 and PCC-2 for 4.415 km w.e.f. January 13, 2023.

## Key financial indicators (audited)

	FY2024	FY2025
<b>Operating income</b>	55.9	51.7
<b>PAT</b>	21.9	27.0
<b>OPBDIT/OI</b>	85.2%	77.4%
<b>PAT/OI</b>	39.1%	52.2%
<b>Total outside liabilities/Tangible net worth (times)</b>	1.6	0.9
<b>Total debt/OPBDIT (times)</b>	3.4	3.7
<b>Interest coverage (times)</b>	2.8	2.5

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	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Apr 24, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based - Term loan</b>	Long Term	262.61	[ICRA]A+ Rating Watch with Developing Implications	-	-	Nov 26, 2024	[ICRA]A+ (Stable)	Aug 21, 2023	[ICRA]A+ (Stable)
				-	-	Jan 10, 2025	[ICRA]A+ Rating Watch with Developing Implications	-	-

**Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026**

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$) )	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## 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 II: 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	262.61	[ICRA]A+; Rating Watch with Developing Implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure III: List of entities considered for consolidated analysis – Not Applicable

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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.

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