

December 02, 2019

Ashoka Sambalpur Baragarh Tollway Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loan	807.97	807.97	[ICRA]A(CE)(Stable); Reaffirmed
Total	807.97	807.97	

*Instrument details are provided in Annexure-1

Rating Without Explicit Credit Enhancement	[ICRA]BBB
---	------------------

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. Earlier, the rating symbol for this instrument/facility used to be accompanied by the (SO) suffix. The change in suffix is not to be construed as a change in rating. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

The above rating is based on the strength of the corporate guarantee provided by Ashoka Concessions Limited (ACL / Guarantor, rated [ICRA]A (Stable)), the parent of Ashoka Sambalpur Baragarh Tollway Limited (ASBTL), for the rated Term Loan. The Stable outlook on this rating reflects ICRA's outlook on the rating of the guarantor, Ashoka Concessions Limited.

Adequacy of credit enhancement

The rating of the instrument is based on the credit substitution approach whereby the rating of the guarantor has been translated to the rating of the said instrument. The guarantee is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument. Given these attributes, the guarantee provided by ACL is adequately strong to result in an enhancement in the rating of the said instrument to **[ICRA]A(CE)** against the rating of [ICRA]BBB without explicit credit enhancement. In case the rating of the guarantor were to undergo a change in future, the same would reflect in the rating of the aforesaid instrument as well.

Salient covenants related to the credit enhancement, as specified in the guaranteed documents

- » The lenders may act as though the Guarantor were the principal debtor to the Lender. The guarantors have waived all the rights conferred on the guarantors under Sections 131, 133, 134, 135, 139, 140 and 141 of the Indian Contract Act, 1872.
- » The guarantee shall be continuing one and shall remain in full force until the final settlement date.
- » The guarantors shall pay all amounts due without prejudice to the obligation of the Borrower.

Key rating drivers and their description

Credit strengths

Corporate guarantee provided by ACL to rated bank facilities – The rating is based on the strength of the corporate guarantee provided by the Guarantor. The guarantee is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument.

Liquidity position

The liquidity position of the guarantor ACL is **adequate**. ACL does not have any external debt as on March 2019 and has cash and cash equivalents of ~Rs. 1.12 crore as on March 2019. (The rating rationale for Ashoka Concessions Limited can be found [here](#))

Rating sensitivities

Positive Triggers: ICRA could upgrade ASBTL's rating if there is any improvement in the credit profile of guarantor.

Negative Triggers: Negative pressure on rating could arise in case of deterioration in the credit profile of guarantor or ASBTL's weakening of linkages with the guarantor.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Approach for rating debt instruments backed by third-party explicit support Rating Methodology for BOT (Toll) Roads
Parent/Group Support	Parent/Group Company: Ashoka Concessions Limited ([ICRA]A (Stable)) Ultimate Parent Company: Ashoka Buildcon Limited The assigned rating is based on the unconditional, irrevocable corporate guarantee extended by ASBTL's parent company, ACL
Consolidation/Standalone	Standalone

About the company

Incorporated in June 09, 2010, Ashoka Sambalpur Baragarh Tollway Limited (ASBTL) is a special purpose vehicle (SPV) of ACL, assigned to undertake construction, operation, and maintenance of the 88-km long Sambalpur-Baragarh stretch on National Highway-6, Odisha, on a design, build, finance, operate, and transfer (DBFOT) basis. The company received a provisional completion certificate and commenced toll collections since October 2014 and subsequently received a full completion certificate following which it started tolling on the complete stretch from June 2016. The concession period for the project is for 30 years (including 30 months for construction) with an annual premium payout of Rs. 1.33 crore to the National Highways Authority of India (NHAI) with a 5% increment YoY.

Key financial indicators of ASBTL (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	63.26	71.75
PAT (Rs. crore)	-63.75	-59.00
OPBDIT/OI (%)	65.62%	68.87%
RoCE (%)	2.72%	3.24%
Total Outside Liabilities/Tangible Net Worth (times)	3.36	3.80
Total Debt/OPBDIT (times)	21.98	17.71
Interest Coverage (times)	0.43	0.51
DSCR	0.41	0.45

Source: Company

About the Guarantor

Incorporated in April 2011, Ashoka Concessions Limited (ACL) is a subsidiary of Ashoka Buildcon Limited (ABL). In 2012, SBI Macquarie infused Rs.800 crore and acquired 34% stake in ACL with ABL holding the remaining 66%. ACL acts as an exclusive BOT project developer for both ABL and Macquarie SBI. ACL currently holds six operational BOT toll projects, one operational BOT annuity project and eight under-construction hybrid annuity projects. Apart from the these, one BOT toll project was terminated in April 2016.

Key financial indicators of ACL (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	131.7	90.7
PAT (Rs. crore)	11.6	-73.9
OPBDIT/OI (%)	61.6%	34.7%
RoCE (%)	1.1%	-1.4%
Total Outside Liabilities/Tangible Net Worth (times)	0.08	0.34
Total Debt/OPBDIT (times)	1.56	17.21
Interest Coverage (times)	9.60	0.84
DSCR	9.95	-0.70

Source: Company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding (March 31, 2019)	Rating	FY2019	FY2018	FY2017
					2-Dec-2019	8-Oct-2018	28-Aug-2017	4-Aug-2016
1	Term Loan	Long Term	807.97	792.99	[ICRA]A(CE) (Stable)	[ICRA]A(SO) (Stable)	[ICRA]A(SO) (Stable)	[ICRA]A(SO) (Stable)

Amount in Rs. Crore

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	Jan-2011	NA	2028	807.97	[ICRA]A(CE) (Stable)

Source: Company

Analyst Contacts

Shubham Jain

+91 124 4545 306
shubhamj@icraindia.com

Rajeshwar Burla

+91 40 4067 6527
rajeshwar.burla@icraindia.com

Shreyans Talawat

+91 22 6169 3368
shreyans.talawat@icraindia.com

Relationship Contact

L Shivakumar

+91 80 4332 6401
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2019 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents