

## Rating Rationale

December 08, 2025 | Mumbai

### Ashoka Buildcon Limited

'Crisil A1+' assigned to Commercial Paper

#### Rating Action

Total Bank Loan Facilities Rated	Rs.6306 Crore
Long Term Rating	Crisil AA-/Negative (Reaffirmed)
Short Term Rating	Crisil A1+ (Reaffirmed)

Rs.200 Crore Commercial Paper	Crisil A1+ (Assigned)
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Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

Crisil Ratings has assigned its 'Crisil A1+' rating to the commercial paper programme worth Rs 200 crore of Ashoka Buildcon Ltd (ABL) and has reaffirmed its 'Crisil AA-/Negative/Crisil A1+' ratings on the bank facilities.

Crisil Ratings has taken note of the announcement on the exchange, dated November 27, 2025, regarding temporary suspension from participating in the ongoing or future bids of National Highways Authority of India (NHAI; rated 'Crisil AAA/Stable') for one month or completion of investigation by the expert committee, whichever is later.

This is unlikely to have an impact on the credit risk profile of ABL owing to the strong and diversified order book of Rs 14,888 crore as on September 30, 2025, providing revenue visibility for around two years and no impact on the execution of the ongoing projects with NHAI. Crisil Ratings will continue to engage with the company, closely track the developments in this matter including the timeliness of completion of the investigation and report of the expert committee, and assess any potential impact on ABL's credit risk profile.

The standalone revenue witnessed an 8% on-year dip in fiscal 2025 to Rs 7,187 crore. Also, the revenue in the first half of fiscal 2026 fell 21% on-year to reach Rs 2,642 crore due to delays in the commencement of execution of new orders and delays in execution of the projects during monsoon. Crisil Ratings-adjusted earnings before interest, taxes, depreciation and amortisation (Ebitda) margin of ABL witnessed an improvement during the first half of fiscal 2026 to 9.3% against 7.3% for the corresponding period last fiscal. The Ebitda margin is expected to improve in the medium term due to increase in contribution from higher margin projects and will remain monitorable. Furthermore, the order book position improved to around Rs 14,888 crore as of September 2025 from Rs 11,700 crore as of March 2024.

ABL has completed the monetisation of five hybrid annuity model (HAM) road assets for an aggregate consideration of Rs 1,146 crore and five build-operate-transfer (BOT) for an aggregate consideration of Rs 1,814 crore. ABL has acquired the remaining stake in Ashoka Concessions Ltd (ACL) held by SBI Macquarie for an aggregate consideration of ~Rs 1,550 crore, providing full exit to SBI Macquarie and also utilised a significant amount for reduction of the working capital debt. Crisil Ratings understands that deals for further six HAM assets are expected to be concluded by early fiscal 2027, subject to fulfilment of conditions precedent and receipt of requisite approvals. Successful completion of above transactions would help ABL to further reduce its debt, leading to an improvement in its financial risk profile. Interest coverage ratio is expected to improve to over 4 times during the next fiscal as compared with 2.2 times (including related party loans) during fiscal 2025. Timely monetisation of the remaining six HAM assets and subsequent reduction of debt will be a key rating sensitivity factor.

The ratings continue to reflect the established track record of ABL in executing engineering procurement and construction (EPC) contracts and built-operate-transfer (BOT) road projects and its improving order book position providing adequate revenue visibility. The ratings also factor in the adequate financial risk profile amid expectations of funding support and investment in subsidiaries. These strengths are partially offset by the large working capital requirement and susceptibility to intense competition and cyclicity in the construction industry.

#### Analytical Approach

Crisil Ratings has moderately consolidated ACL and other special purpose vehicles (SPVs). As per the approach, the investment requirement, expected cost overrun in under-implementation projects, as well as cash flow mismatches in operational projects of ABL, have been factored into the financials of ABL. Furthermore, interest-bearing mobilisation advances (~Rs 979 crore as on June 30, 2025) have been treated as debt.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation

#### Key Rating Drivers - Strengths

Established track record of executing EPC contracts and road projects

Experience of over two decades in the EPC business and established relationships with state government departments, NHAI and the Ministry of Road Transport and Highways should continue to support the business. ABL was one of the early entrants in BOT road projects in India and won its first project in 1997. Post monetisation of assets (five HAM & five BOT), ABL along with ACL now has 12 projects (one BOT, four BOT Annuity and seven HAM Projects). Out of these twelve projects, ACL houses four (one BOT toll and three HAM) projects.

The order book of ABL has evolved over time. The company has shifted its focus from bidding for BOT and HAM to EPC projects. ABL aims to become an all-sector EPC player over the medium term. The company has been engaged in the roads segment for more than 30 year, power transmission and distribution (T&D) business for more than 15 years, railways for more than five years and buildings for more than two years. It has recently entered into sewage, smart infrastructure and solar projects. Road EPC and power T&D projects received by the company over the last few months will enable it to report a healthy increase in the scale of operations.

Strong project execution capabilities of ABL are reflected in the successful completion of projects within scheduled time and budgeted cost. The robust in-house EPC division undertakes all project implementation. The group also manufactures readymade concrete and high-grade bitumen, which supports operating efficiency.

#### **Improving order book providing moderate revenue visibility**

ABL had order book worth around Rs 14,888 crore as on September 30, 2025, as against ~Rs 11,700 crore as on March 31, 2024, as it focused on EPC and power T&D projects. Order book to sales ratio improved to 2.1 time as on September 30, 2025, from 1.5 times as on March 31, 2024. It is expected to improve further over the medium term with better awarding expected this fiscal.

Receipt of power T&D projects has improved its share in the order book as of September 2025 to ~31% (from around 23% as of March 2024), while the share of road projects declined to 58% (from around 71% as of March 2024), railways (~8%), and the balance in building EPC and other segments. Within the road segment, HAM and EPC account for 12% and 46%, respectively. Moreover, diversified revenue streams will help reduce susceptibility to downturn in any one segment.

#### **Adequate financial risk profile**

Financial risk profile is adequate, with networth of ~Rs 4,008 crore and Total Outside Liabilities to Tangible Network (TOL/TNW) ratio of 1.3 times as on March 31, 2025. The TOL/TNW ratio is expected to remain healthy despite annual capital expenditure (capex) plans of Rs 100–125 crore and Rs 500–600 crore of equity investment plans (on HAM or BOT projects) over the next 2–3 fiscals. ABL follows a conservative financial policy and hence, the capital structure has remained healthy over the years.

Crisil Ratings-adjusted debt increased to ~Rs 3,088 crore as on March 31, 2025, from Rs 2,585 crore as on March 31, 2024, on account of higher working capital requirement of ABL's ongoing projects in the power T&D segment. Accordingly, the adjusted interest coverage ratio has moderated to 2.2 times for fiscal 2025, as against 2.7 times for fiscal 2024 (4.2 times, 7.5 times, 8.5 times in fiscals 2023, 2022 and 2021, respectively). With the expected debt reduction with the proceeds from monetisation and improvement in profitability, debt protection metrics are expected to improve over the medium term.

#### **Key Rating Drivers - Weaknesses**

##### **Large working capital requirement**

Operations of ABL are working capital intensive on account of the inherent nature of the EPC business and long project execution cycle of 2–3 years. There is high dependence on state and central government authorities for receipt of payments. ABL has high working capital requirement reflected in gross current assets (GCAs) of 220–240 days over the last four fiscals, driven by high unbilled revenue and receivables. Furthermore, in the power T&D segment, sizeable funds are blocked in retention money until the expiry of the warranty period.

##### **Exposure to intense competition and cyclicity in the construction industry**

As per the order book as on September 30, 2025, ~58% of outstanding orders comprised of projects from roads and highways, ~21% from the power T&D and the balance from railways and buildings. Although the company executes projects across segments, revenue remains susceptible to changes in government regulations and the prevailing economic conditions. Furthermore, the company mainly caters to government agencies, expenditure of which is directly linked to the economy. Competition in roads has intensified further due to the recent relaxation in bidding norms by NHAI and Ministry of Road Transport and Highways of India.

However, this risk is mitigated by the increased diversification of ABL into varied sectors, which will allow it to bid selectively for projects. Though the company has a strong track record of efficient operations in roads, its performance in new segments such as power T&D and railways will remain monitorable.

##### **Liquidity Strong**

Cash and equivalents stood at Rs 1,130.38 crore as on Sept. 30, 2025. Utilisation of the fund-based bank lines (includes commercial paper, working capital demand loan and cash credit) was moderate at 70% during the 12 months through Sept. 2025. Expected yearly cash accrual of Rs 400–500 crore should suffice to cover the maturing debt of Rs 60–90 crore per annum, capex or investment plans and incremental working capital requirement over the medium term.

##### **Outlook Negative**

Crisil Ratings believes the business risk profile may weaken due to revenue degrowth thereby subsequently impacting the financial risk profile as well.

#### **Rating Sensitivity Factors**

##### **Upward factors:**

- Improvement in operating performance, with growth in revenue and increase in EBITDA margin leading to interest coverage ratio going above 4-5 times on a sustained basis
- Monetisation of assets resulting in significant reduction of debt leading to improvement in financial risk profile.
- Reduction in working capital cycle leading to improvement in the liquidity position.

**Downward factors:**

- Lower than expected improvement in operating margin leading to interest coverage ratio sustaining below 2-3 times
- Any delay in completion of ongoing asset monetisation and/or large debt-funded capex or investments, leading to weakening of financial risk profile
- Any further stretch in working capital cycle leading to the weakening of liquidity position on a sustained basis.

**About the Company**

ABL, incorporated in 1993, engineered and constructed residential, commercial, industrial and institutional buildings until 1997. The company won its first BOT project in 1997. Currently, operations comprise BOT and EPC road projects, EPC power T&D projects, collection of tolls on roads and bridges owned and constructed by third parties 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 distribution network in Ratnagiri district, Maharashtra. Additionally, the company began executing smart city construction projects in 2016.

ABL is listed on both the Bombay Stock Exchange and National Stock Exchange. It has significant experience in executing road projects across India and has constructed more than 14,000 lane km till date. This is also reflected in its outstanding BOT/HAM portfolio of 21 projects (including ACL assets) as of December 2024. In the EPC division, ABL constructs roads and bridges for its own BOT projects as well as for third parties. It also executes EPC projects in the power distribution space for various state governments.

ABL set up ACL as a subsidiary in November 2011 and transferred six BOT projects to it. SBI Macquarie also infused Rs 800 crore (39% stake at the time of entry), and ACL acted as an exclusive BOT project developer for both ABL and SBI Macquarie. Out of 11 HAM projects awarded to ABL, seven are housed under ACL.

**Key Financial Indicators (standalone)\***

Financials as on/for the period ended March 31	Unit	2025	2024
Operating income	Rs crore	7,034	7,694
Profit after tax (PAT)	Rs crore	197	424
PAT margin	%	2.8	5.5
Adjusted debt/adjusted networkth	Times	0.77	0.68
Adjusted interest coverage	Times	2.18	2.68

\*as per analytical adjustments made by Crisil Ratings

**Any other information:** Not Applicable

**Note on complexity levels of the rated instrument:**

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

**Annexure - Details of Instrument(s)**

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Commercial Paper	NA	NA	7-365 Days	200.00	Simple	Crisil A1+
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	500.00	NA	Crisil AA-/Negative
NA	Proposed Non Fund based limits	NA	NA	NA	5756.00	NA	Crisil A1+
NA	Rupee Term Loan	NA	NA	30-Sep-26	50.00	NA	Crisil AA-/Negative

**Annexure - List of Entities Consolidated**

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Ashoka Concessions Ltd	Moderate	No recourse of debt in ACL to ABL; support to the extent of equity requirement and cash flow mismatch

**Annexure - Rating History for last 3 Years**

Instrument	Type	Current		2025 (History)		2024		2023		2022		Start of 2022
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating

<b>Fund Based Facilities</b>	LT	550.0	Crisil AA-/Negative	07-05-25	Crisil AA-/Negative	27-05-24	Crisil AA-/Negative / Crisil A1+	30-05-23	Crisil AA-/Stable / Crisil A1+	09-05-22	Crisil AA-/Stable / Crisil A1+	Crisil AA-/Stable / Crisil A1+
			-		-		--	03-05-23	Crisil AA-/Stable / Crisil A1+	05-01-22	Crisil A1+/Watch Developing / Crisil AA-/Watch Developing	Crisil AA-/Stable
<b>Non-Fund Based Facilities</b>	ST	5756.0	Crisil A1+	07-05-25	Crisil A1+	27-05-24	Crisil A1+	30-05-23	Crisil AA-/Stable / Crisil A1+	09-05-22	Crisil AA-/Stable / Crisil A1+	Crisil A1+
			-		-		--	03-05-23	Crisil AA-/Stable / Crisil A1+	05-01-22	Crisil A1+/Watch Developing / Crisil AA-/Watch Developing	Crisil A1+
<b>Commercial Paper</b>	ST	200.0	Crisil A1+	07-05-25	Withdrawn	27-05-24	Crisil A1+	30-05-23	Crisil A1+	09-05-22	Crisil A1+	Crisil A1+
			-		-		--	03-05-23	Crisil A1+	05-01-22	Crisil A1+/Watch Developing	--

All amounts are in Rs.Cr.

#### Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
<b>Proposed Fund-Based Bank Limits</b>	<b>500</b>	<b>Not Applicable</b>	<b>Crisil AA-/Negative</b>
<b>Proposed Non Fund based limits</b>	<b>5756</b>	<b>Not Applicable</b>	<b>Crisil A1+</b>
<b>Rupee Term Loan</b>	<b>50</b>	<b>Aditya Birla Finance Limited-(Amalgamated)</b>	<b>Crisil AA-/Negative</b>

#### Criteria Details

<b>Links to related criteria</b>
<a href="#">Basics of Ratings (including default recognition, assessing information adequacy)</a>
<a href="#">Criteria for consolidation</a>
<a href="#">Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)</a>

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