

Ashoka Buildcon Limited

January 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	200.00	CARE AA- (RWP)	Continues to be on Rating Watch with Positive Implications
Long-term / Short-term bank facilities	500.00	CARE AA- / CARE A1+ (RWP)	Continues to be on Rating Watch with Positive Implications
Non-convertible debentures	300.00	CARE AA- (RWP)	Continues to be on Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has continued the credit watch with positive implication assigned to bank facilities and instruments of Ashoka Buildcon Limited (ABL) owing to pending stake sale of six hybrid annuity model (HAM) projects which is expected to result into inflow of ₹1,100 crore, the utilisation of which will remain critical. As articulated by the management, stake sale proceeds and expected easing of working capital intensity are anticipated to substantially improve debt coverage indicators going forward. CareEdge Ratings shall monitor developments and review the rating when clarity emerges.

As anticipated, in 8MFY26 (FY refers to April 01 to March 31), ABL completed monetisation of 10 assets (five HAM assets and five build-operate-transfer [BOT] toll assets) and received total consideration of ₹2,817 crore. ABL utilised these proceeds to give exit to SBI Macquarie thus extinguishing the outstanding liability. Proceeds from asset monetisation were also partially deployed towards reducing working capital borrowings at ABL level. While ABL's debt levels reduced, working capital intensity increased in FY25 and H1FY26 as against expectations. Proceeds from stake sale shall provide growth capital for the company, which coupled with realisation of stretched current assets shall lead to improvement in overall financial risk profile of the company. Lower-than-envisaged realisation of stuck current assets or sustained high working capital intensity shall remain a key negative rating sensitivity.

CareEdge Ratings also takes note of a show-cause notice issued by National Highways Authority of India (NHAI) to ABL in November 2025, regarding an incident at its NH-66 elevated corridor project. A temporary restriction on participation in NHAI bids was imposed; however, the Hon'ble High Court of New Delhi kept the suspension in abeyance, subject to further proceedings. While the company stated that operations remain unaffected, the outcome of the investigation continues to be a key rating monitorable.

Ratings continue to be supported by ABL's long-standing presence of over four decades in the construction industry, backed by experienced promoters and proven execution capability across multiple segments and geographies. The company's strengthened order book position and favourable demand outlook for diversified engineering, procurement and construction (EPC) players supported by a robust pipeline of projects across transmission and distribution, roads, railways and urban transportation also underpin ratings.

These strengths are tempered by ABL's sustained working capital intensive operations and risks related to intense competition in the industry. Total operating income (TOI) of ABL declined in FY25 and H1FY26, with revenue growth estimated to remain subdued for full-year FY26. Profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins improved slightly in FY25 but remained moderate at 7.87% in FY25 and improved to 11.75% in H1FY26. Going forward, improvement in PBILDT margins considering execution of higher-margin projects as envisaged will remain a key rating monitorable.

ABL's debt coverage indicators and leverage continued to remain moderate in FY25 considering lower operating profitability and increased debt levels to support working capital requirements. Adjusted debt (considering interest-bearing mobilisation advances) to PBILDT moderated to 4.50x in FY25, which is expected to improve considerably from FY26 onwards owing to rationalization of borrowings from stake sale proceeds in Q3FY26. Ratings also take note of the decrease in corporate guarantee extended by ABL in FY25. A major amount of corporate guarantee extended to one BOT project stands extinguished post completion of the stake sale transaction.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Augmentation of order book and growth in scale of operations while improving adjusted total debt (considering interest bearing mobilisation advances)/PBILDT below 1.50x on a sustained basis.

Negative factors

- Delay in completion of on-going asset monetisation leading to deterioration in financial risk profile of ABL.
- Further elongation in working capital cycle leading to higher gross current asset (GCA) days of above 270 days on sustained basis, impacting liquidity position of the company.
- Deteriorating adjusted debt (considering interest bearing mobilisation advances) to PBILDT above 2x on a sustained basis.
- Aggressive addition of under-construction BOT projects, leading to high exposures of its investments, loans and advances against its net worth on sustained basis.

Analytical approach: Standalone

CareEdge Ratings has considered standalone financials of ABL, while factoring in equity commitments and support requirements towards its under construction and operational projects. CareEdge Ratings has also factored in the debt guaranteed by ABL while assessing its risk profile. Upstreaming from special purpose vehicles (SPVs)/subsidiary is also factored in the analysis.

Detailed description of key rating drivers:

Key strengths

Established track record of operations in construction industry and experienced management

ABL has a track record of over four decades in the construction industry and demonstrated execution capabilities with presence across power transmission and distribution (T&D) projects, railways, buildings, sewage, and smart infrastructure segments, apart from its focus on the road sector. ABL has executed projects across 20 states in India. ABL's operations are managed under the leadership of Ashok Kataria, Chairman, ABL, and Satish Parakh, Managing Director, ABL, who possess vast experience in the construction sector and are supported by a qualified senior management team. The promoter's stake stood at 54.47% on September 30, 2025. ABL's board comprises eight members, including four independent members.

Monetization of assets and exit given to SBI Macquire

ABL has completed monetisation of five hybrid annuity model (HAM) projects for a total consideration of ₹1,146 crore to Epic Concesiones 2 Private Limited, Infrastructure Yield Plus II and Infrastructure Yield Plus IIA. The company also concluded the sale of five build-operate-transfer (BOT) road assets to Maple Infrastructure Trust for ₹1,847 crore. From the proceeds, ABL acquired the balance 34% stake in Ashoka Concessions Limited (ACL) from SBI Macquarie for ₹1,549 crore, providing SBI Macquarie a complete exit. Proceeds from asset monetisation were partially deployed towards reducing working capital borrowings. ABL has also deployed ₹167 crore towards buying residual stake in Jaora - Nayagaon Toll Road Company Private Limited (JNTRL, rated CARE AA+; Stable) making it wholly owned subsidiary of ABL. JNTRL is generating healthy cash surplus of around Rs.150 crore which can be up streamed to ABL aiding financial flexibility. CareEdge Ratings anticipates monetisation of balance six HAM projects by Q1FY27, subject to fulfilment of conditions precedent and receipt of necessary approvals, with an envisaged aggregate consideration of ~₹1,100 crore. Completion of these transactions is expected to provide growth capital to ABL supporting future investment in Build-Operate-Transfer (BOT) projects. Timely completion of the balance HAM projects and consequent reduction in borrowings will remain a key rating monitorable.

Diversified order book position providing moderate revenue visibility in medium term

As on March 31, 2025, ABL had an outstanding order book position of ₹14,888 crore, indicating medium-term revenue visibility at 2.11x of FY25 total operating income (TOI). The company's order book position improved from ₹11,697 crore as on March 31, 2024, driven by sizeable order wins across the urban infrastructure and bridge segments, including two Mumbai Metropolitan Regional Development Authority (MMRDA) packages (₹1,450 crore), three Maharashtra State Development Corporation (MSRDC) creek bridge projects (₹2,339 crore), one NHAI hybrid annuity model (HAM) project (₹1,342 crore), and a major Intelligent Traffic Management System (ITMS) project from the Motor Vehicles Department, Maharashtra (₹1,387 crore). ABL's order book was geographically diversified with presence across 20 states and overseas markets. ABL has gradually shifted its order book mix towards EPC projects from BOT and HAM, with a medium-term focus on building a diversified, multi-sector EPC presence. The order book was well-diversified across segments, with roads forming 58%, followed by power transmission and distribution (T&D) at 31%, railways at 8%, and building EPC at 3%.

Expected improvement in the leverage and debt coverage indicators after witnessing moderation in FY25 and H1FY26

ABL's TOI declined by 8.6% and 21.4% in FY25 and H1FY26 respectively, primarily attributable to delays in commencement of execution of newly secured orders and slower project progress due to an extended monsoon season. Profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins improved slightly in FY25 to 7.87% and improved year-on-year (y-o-y) to 11.75% in H1FY26 from 9.09% in H1FY25. Going forward, improvement in PBILDT margins considering execution of higher-margin projects as envisaged will remain a key rating monitorable.

ABL's capital structure remained comfortable with total outside liability to tangible net worth (TOL/TNW) of 1.34x on March 31, 2025. The company's total adjusted debt (including acceptances and interest bearing mobilisation advances) increased from ₹2,279 crore on March 31, 2024, to ₹2,503 crore on March 31, 2025, considering higher working capital requirements due to increase in receivables and unbilled revenues. Increase in working capital borrowing and increase in interest-bearing mobilisation advances led to increase in interest cost and moderation in interest coverage from 2.53x in FY24 to 1.88x in FY25. Interest coverage continued to remain moderate at 1.91x in H1FY26 as well. Adjusted debt/PBILDT moderated from ---times in FY24 to ---times in FY25 owing decline in PBILDT and increase in adjusted debt. CareEdge Ratings expects considerable improvement in adjusted debt/PBILDT from FY26 owing debt reduction in Q3FY26 from stake sale proceeds and expected realization of stretched current assets in H2FY26. Improvement in the adjusted debt/PBILDT and sustenance thereof is crucial from credit perspective.

Key weaknesses

Working capital intensive operations

ABL's operations remain working capital intensive owing to the inherent nature of the construction industry with a project execution cycle of ~2-3 years. The gross current asset (GCA) days elongated from 201 days during FY24 to 263 days during FY25 primarily due to unbilled revenue and receivables which increased considering discontinuation of monthly grants under Atmanirbar Bharat scheme, nascent stage of execution of few projects and stuck current assets in few roads projects. Moreover, in T&D projects, 20% payment is typically received post operationalising of projects and 10% is retained as retention money until the expiry of the defect liability period, leading to a longer project cycle. CareEdge Ratings relies on the management's articulation that working capital intensity is expected to reduce owing to realisation of stretched current assets by March 2026-end, which will reduce current asset levels meaningfully. Lower-than-envisaged realisation of stuck current assets or sustained high working capital intensity negating benefit of expected stake sale proceeds shall remain a key negative rating sensitivity.

Risk related to intense competition in industry

The government's thrust on the infrastructure sector augurs well for ABL's prospects. Competition has intensified in the roads sector with the foray of mid-sized players. Due to intensified competition, strong developers such as ABL have forayed into different sectors and newer geographies, heightening execution risk and remaining susceptible to changes in government regulations. ABL's profitability is exposed to disproportionate hikes in commodity prices over the wholesale price index and bidding aggression due to intense competition. ABL's revenue depends on government stance on infrastructure spending and prevailing economic conditions. Recent revisions in bidding eligibility norms by the NHAI and the Ministry of Road Transport and Highways (MoRTH) have further escalated competitive pressures within the road sector.

Liquidity: Strong

ABL had free cash and cash equivalent of ₹136.25 crore as on March 31, 2025. Average fund-based working capital utilisation limits remained moderate at ~33% for 12-months ending September 2025. Yearly cash accruals of ~₹500 crore shall be sufficient for average annual debt repayment of ₹150 to 200 crore and pending equity commitments of ~₹360 crore to be infused over FY26 and FY27. Liquidity is further aided by expected inflow of ₹1,100 crore from stake sale of pending six HAM projects.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Particulars	Risk factors	Mitigating measures
Environmental	<ol style="list-style-type: none"> 1. Climate Change 2. Carbon Emissions 3. Energy conservation 4. Water usage and management 	Aligning with ISO 14001:2015 guidelines, the organisation actively reduces emissions through energy-efficient technologies and solar plant installations. In FY23, the company achieved a significantly reducing 429.61 t CO2e in carbon emissions.
Social	<ol style="list-style-type: none"> 1. Health & Safety 2. Diversity & Inclusion 	The company enforces a 'zero tolerance' safety policy, prioritises cost-effectiveness and ensures efficient deliveries.

Particulars	Risk factors	Mitigating measures
	3. Emergency response planning	All employees receive training, and 41.14% are undergoing skill upgrades.
Governance	1. Composition of the board 2. Diversity 3. Stake holder engagement, supply chain management 4. Code of conduct	The company's board comprises over 50% independent directors, emphasising diversity and effective oversight. The company adhere to strict corporate governance standards, including a comprehensive report and a compliance certificate from the practising company secretary.

Applicable criteria

[Definition of Default](#)

[Notching by Factoring Linkages in Ratings](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios - Financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Rating of Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

Headquartered in Nashik and a part of the Ashoka Buildcon Group, ABL is a leading infrastructure construction firm in India, specialising in the road, building, and power sectors. Since its establishment in 1993, the firm has expanded from its initial concentration on building projects to a significant role in highway development, beginning with its first BOT project in 1997.

Currently, ABL's activities span across roads, power T&D, railways, buildings and sewage water. The company ventured into commercial gas distribution in 2016, from which, it exited in 2024. ABL is listed on the Bombay Stock Exchange and National Stock Exchange.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1 FY26 (UA)
Total operating income	7,726.66	7,061.43	2,641.73
PBILDT*	576.49	555.89	310.49
Profit after tax (PAT)	442.76	197.24	169.80
Overall gearing (x)	0.69	0.75	NA
Interest coverage (x)	2.53	1.88	1.91

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	INE442H08032	26-Nov-2024	8.75	23-Apr-2026	100.00	CARE AA- (RWP)
Debentures-Non Convertible Debentures	INE442H08040	26-Nov-2024	8.75	09-Apr-2026	100.00	CARE AA- (RWP)
Debentures-Non Convertible Debentures	INE442H08057	26-Nov-2024	8.75	16-Apr-2026	100.00	CARE AA- (RWP)
Fund-based - LT-Term Loan		-	-	31-May-2028	200.00	CARE AA- (RWP)
Fund-based - LT/ ST-Working Capital Limits		-	-	-	500.00	CARE AA- / CARE A1+ (RWP)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	200.00	CARE AA- (RWP)	-	1)CARE AA- (RWP) (10-Jan-25) 2)CARE AA-; Stable (22-Oct-24) 3)CARE AA-; Stable (19-Jun-24)	-	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	500.00	CARE AA- / CARE A1+ (RWP)	-	1)CARE AA- / CARE A1+ (RWP)	-	-

						(10-Jan-25) 2)CARE AA-; Stable / CARE A1+ (22-Oct-24) 3)CARE AA-; Stable / CARE A1+ (19-Jun-24)		
3	Debentures-Non Convertible Debentures	LT	300.00	CARE AA- (RWP)	-	1)CARE AA- (RWP) (10-Jan-25) 2)CARE AA-; Stable (22-Oct-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saiikat.roy@careedge.in	Analytical Contacts Rajashree Murkute Senior Director CARE Ratings Limited Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in Maulesh Desai Director CARE Ratings Limited Phone: 079-4026 5605 E-mail: maulesh.desai@careedge.in Palak Sahil Vyas Associate Director CARE Ratings Limited Phone: 079-4026 5620 E-mail: palak.gandhi@careedge.in
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About us:

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