

## India Ratings Affirms Jharkhand Road Projects Implementation Co.'s NCDs at 'IND D'

Oct 21, 2022 | Road Assets–Toll | Annuity | Hybrid-Annuity

India Ratings and Research (Ind-Ra) has affirmed Jharkhand Road Projects Implementation Company Limited's (JRPICL) non-convertible debentures' (NCDs) rating at 'IND D'. The detailed rating action is as follows:

Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating	Rating Action
Senior, secured, redeemable NCDs*	-	-	-	INR17,300 (outstanding INR12,324.4 as on 31 August 2022)	IND D	Affirmed

\* Details in annexure

### Key Rating Drivers

**Liquidity Indicator – Poor:** The affirmation reflects a default in timely debt servicing due to JRPICL's poor liquidity position on account of the non-receipt of annuities in FY23. The project had a total cash balance of INR516.5 million as of 14 October 2022. Debt service reserve account (DSRA) and major maintenance reserve (MMR) were completely utilised to meet the earlier debt service obligations. The restructured terms stipulate that the utilised DSR and MMR should be replenished by March 2024.

The project had availed one-time restructuring during January 2021 under the COVID-19 resolution framework. The project was granted an 18-month moratorium with the accrued interest to be paid by July 2022 and the deferred principal will be spread across the maturity period, starting April 2023. The restructuring further allows the replenishment of DSCR and MMR by March 2024, although non-adherence will not be constituted as an event of default. As the company had received arrears of 10 annuities in 4QFY22, JRPICL has repaid the interest and principal due until July 2022. However, considering no annuities have been received during FY23 till 20 October 2022, liquidity in JRPICL is not enough to meet the debt obligation due on 20 October 2022, leading to delays in debt servicing.

**Annuities Received with Delay:** JRPICL's project stretches are annuity-based and the project is eligible for semi-annual annuity payments from the Department of Road Construction, the government of Jharkhand (GoJ). The project is exposed to a weak and single counterparty credit risk. The project has not received payments from the government of Jharkhand since March 2022. The total accumulated receivables amounted to INR5.62 billion as on 20 October 2022.

The major maintenance work for three out of five project stretches has been completed. While 70% of the major maintenance work for the fourth stretch (CKC) is completed, the works are yet to commence for fifth stretch Patratu Dam

Ramgarh. JRPICL would depend on the receipt of annuities for carrying out major maintenance for the remaining two projects and to meet its debt obligations.

## Rating Sensitivities

**Positive:** Timely debt servicing for at least three consecutive months and the receipt of outstanding annuity payments could result in a positive rating action.

## ESG Issues

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on JRPICL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

## Company Profile

In 2007, the GoJ launched the Jharkhand Accelerated Road Development Programme under a public-private partnership framework. In February 2008, the GoJ and Infrastructure Leasing & Financial Services Limited (IL&FS; 'IND D') signed a programme development agreement to improve 1,500km of selected project road corridors. The programme is being implemented by Jharkhand Accelerated Road Development Company Ltd.

JRPICL, which is 6.57% owned by IL&FS and 93.43% owned by its subsidiary, IL&FS Transportation Networks Limited ('IND D(ISSUER NOT COOPERATING)') has undertaken and implemented five projects totalling 627 lane km: Ranchi Ring Road (sections III, IV, V and VI), Ranchi Patratu Dam, Patratu Dam Ramgarh, Adityapur Kandra and CKC. All these projects have separate concession agreements with the GoJ, along with separate escrow accounts.

### FINANCIAL SUMMARY

Particulars	FY22	FY21
Revenue from operations (INR million)	3,409.1	3,033.5
Total income (INR million)	3,417.1	3,076.2
EBITDA (INR million)	3,148.3	2,748.8
EBITDA margin (%)	92.1	89.3
Source: JRPICL		

## Non-Cooperation with previous rating agency

JRPICL has been classified under the non-cooperation category by CARE Ratings Limited due to inadequate information provided by the company.

## Solicitation Disclosures

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

## Rating History

Instrument Type	Current Rating			Historical Rating/Rating Watch/Outlook			
	Rating Type	Rated Limits (million)	Rating	22 October 2021	23 October 2020	6 February 2020	16 September 2019
Senior, secured, redeemable NCDs	Long-term	INR17,300	IND D	IND D	IND D	IND C	IND D

## Annexure

Instrument	ISIN	Date of Issue	Coupon Rate (papq)	Maturity Date	Issue Size (million)	Rating	Rating Action
NCD	INE746N07010	5 May 2017	8.40%	20 July 2027	INR1,036.20	IND D	Affirmed
NCD	INE746N07028	5 May 2017	8.40%	20 July 2027	INR2,970.8	IND D	Affirmed
NCD	INE746N07176	5 May 2017	8.40%	20 January 2021	INR68.40	IND D	Affirmed
NCD	INE746N07184	5 May 2017	8.40%	20 April 2021	INR63.80	IND D	Affirmed
NCD	INE746N07192	5 May 2017	8.40%	20 July 2021	INR73.80	IND D	Affirmed
NCD	INE746N07200	5 May 2017	8.40%	20 October 2021	INR72.80	IND D	Affirmed
NCD	INE746N07218	5 May 2017	8.40%	20 January 2022	INR71.10	IND D	Affirmed
NCD	INE746N07226	5 May 2017	8.40%	20 April 2022	INR69.90	IND D	Affirmed
NCD	INE746N07234	5 May 2017	8.40%	20 July 2022	INR77.90	IND D	Affirmed
NCD	INE746N07242	5 May 2017	8.40%	20 October 2022	INR81.20	IND D	Affirmed
NCD	INE746N07259	5 May 2017	8.40%	20 January 2023	INR87.10	IND D	Affirmed
NCD	INE746N07267	5 May 2017	8.40%	20 April 2023	INR83.60	IND D	Affirmed
NCD	INE746N07275	5 May 2017	8.40%	20 July 2023	INR81.10	IND D	Affirmed
NCD	INE746N07283	5 May 2017	8.40%	20 October 2023	INR75.80	IND D	Affirmed
NCD	INE746N07291	5 May 2017	8.40%	20 January 2024	INR76.50	IND D	Affirmed
NCD	INE746N07309	5 May 2017	8.40%	20 April 2024	INR76.90	IND D	Affirmed
NCD	INE746N07317	5 May 2017	8.40%	20 July 2024	INR69.50	IND D	Affirmed
NCD	INE746N07325	5 May 2017	8.40%	20 October 2024	INR63.70	IND D	Affirmed
NCD	INE746N07333	5 May 2017	8.40%	20 January 2025	INR74.80	IND D	Affirmed
NCD	INE746N07341	5 May 2017	8.40%	20 April 2025	INR76.80	IND D	Affirmed
NCD	INE746N07358	5 May 2017	8.40%	20 July 2025	INR81.60	IND D	Affirmed
NCD	INE746N07366	5 May 2017	8.40%	20 October 2025	INR73.40	IND D	Affirmed
NCD	INE746N07374	5 May 2017	8.40%	20 January 2026	INR79.70	IND D	Affirmed
NCD	INE746N07382	5 May 2017	8.40%	20 April 2026	INR50.60	IND D	Affirmed
NCD	INE746N07390	5 May 2017	8.40%	20 July 2026	INR98.60	IND D	Affirmed
NCD	INE746N07408	5 May 2017	8.40%	20 October 2026	INR97.20	IND D	Affirmed
NCD	INE746N07416	5 May 2017	8.40%	20 January 2027	INR95.00	IND D	Affirmed
NCD	INE746N07424	5 May 2017	8.40%	20 July 2027	INR105.70	IND D	Affirmed
NCD	INE746N07432	5 May 2017	8.40%	20 January 2028	INR115.20	IND D	Affirmed

NCD	INE746N07440	5 May 2017	8.40%	20 July 2028	INR115.20	IND D	Affirmed
NCD	INE746N07457	5 May 2017	8.40%	20 January 2029	INR68.90	IND D	Affirmed
NCD	INE746N07598	5 May 2017	8.40%	20 January 2021	INR196.10	IND D	Affirmed
NCD	INE746N07606	5 May 2017	8.40%	20 April 2021	INR183.10	IND D	Affirmed
NCD	INE746N07614	5 May 2017	8.40%	20 July 2021	INR211.90	IND D	Affirmed
NCD	INE746N07622	5 May 2017	8.40%	20 October 2021	INR208.90	IND D	Affirmed
NCD	INE746N07630	5 May 2017	8.40%	20 January 2022	INR204.00	IND D	Affirmed
NCD	INE746N07648	5 May 2017	8.40%	20 April 2022	INR200.50	IND D	Affirmed
NCD	INE746N07655	5 May 2017	8.40%	20 July 2022	INR223.40	IND D	Affirmed
NCD	INE746N07663	5 May 2017	8.40%	20 October 2022	INR232.90	IND D	Affirmed
NCD	INE746N07671	5 May 2017	8.40%	20 January 2023	INR249.70	IND D	Affirmed
NCD	INE746N07689	5 May 2017	8.40%	20 April 2023	INR239.80	IND D	Affirmed
NCD	INE746N07697	5 May 2017	8.40%	20 July 2023	INR232.40	IND D	Affirmed
NCD	INE746N07705	5 May 2017	8.40%	20 October 2023	INR217.40	IND D	Affirmed
NCD	INE746N07713	5 May 2017	8.40%	20 January 2024	INR219.40	IND D	Affirmed
NCD	INE746N07721	5 May 2017	8.40%	20 April 2024	INR220.30	IND D	Affirmed
NCD	INE746N07739	5 May 2017	8.40%	20 July 2024	INR199.10	IND D	Affirmed
NCD	INE746N07747	5 May 2017	8.40%	20 October 2024	INR182.70	IND D	Affirmed
NCD	INE746N07754	5 May 2017	8.40%	20 January 2025	INR214.40	IND D	Affirmed
NCD	INE746N07762	5 May 2017	8.40%	20 April 2025	INR220.20	IND D	Affirmed
NCD	INE746N07770	5 May 2017	8.40%	20 July 2025	INR234.20	IND D	Affirmed
NCD	INE746N07788	5 May 2017	8.40%	20 October 2025	INR210.60	IND D	Affirmed
NCD	INE746N07796	5 May 2017	8.40%	20 January 2026	INR228.50	IND D	Affirmed
NCD	INE746N07804	5 May 2017	8.40%	20 April 2026	INR145.10	IND D	Affirmed
NCD	INE746N07812	5 May 2017	8.40%	20 July 2026	INR282.90	IND D	Affirmed
NCD	INE746N07820	5 May 2017	8.40%	20 October 2026	INR278.70	IND D	Affirmed
NCD	INE746N07838	5 May 2017	8.40%	20 January 2027	INR272.60	IND D	Affirmed
NCD	INE746N07846	5 May 2017	8.40%	20 July 2027	INR303.40	IND D	Affirmed
NCD	INE746N07853	5 May 2017	8.40%	20 January 2028	INR330.40	IND D	Affirmed
NCD	INE746N07861	5 May 2017	8.40%	20 July 2028	INR330.40	IND D	Affirmed
NCD	INE746N07879	5 May 2017	8.40%	20 January 2029	INR197.10	IND D	Affirmed

## Complexity Level of Instruments

Instrument Type	Complexity Indicator
NCDs	Low

For details on the complexity level of the instrument, please visit <https://www.indiaratings.co.in/complexity-indicators>.

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**APPLICABLE CRITERIA**

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**Rating Criteria for Infrastructure and Project Finance****Rating Criteria for Availability-Based Projects****DETAILED FINANCIAL SUMMARY**

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