

## Jharkhand Road Projects Implementation Company limited

October 25, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Non Convertible Debentures	1,275.51	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Long Term Instruments</b>	<b>1,275.51 (Rs. One Thousand Two Hundred Seventy-Five Crore and Fifty-One Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 04, 2019, placed the ratings of Jharkhand Road Projects Implementation Company Limited (JRPICL) under the 'issuer non-cooperating' category as JRPICL had failed to provide information for monitoring the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. Resultantly it continues to be under "Issuer non-cooperating" category in line with CARE's extant policy in respect of non-cooperation by Issuer. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information, which however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).***

The rating factors in stretched liquidity profile with non-receipt of annuities since January 31, 2020. The company had applied for One Time Restructuring (OTR) which was invoked and approved by the lenders in June 2021. However, CARE Ratings is not in receipt of supporting documents corroborating the same.

### Detailed description of the key rating drivers

*At the time of last rating on October 27, 2020 the following were the rating strengths and weaknesses (updated for the information available from the Company):*

### Key Rating Weaknesses

#### Stretched liquidity profile

The company witnessed stretched liquidity due to non-receipt of annuities from The Govt. of Jharkhand. The State Government has not released part annuity for FY20 (pending for 2 projects-due in Jan and March 2020), FY21 (all annuities) and FY22 (3 annuities due so far till Oct 14, 2021) totaling to ~Rs 644 crore till Oct 14, 2021. With annuity receipts being the major source of income, timely receipt thereof is of paramount importance and requires close monitoring.

The Debt Service Reserve Account (DSRA) and Major Maintenance Reserve Account (MMRA) have also been depleted. The investments in mutual funds lien marked in favour of lenders which amounted to ~Rs 175 crore as on March 31, 2020 has been completely exhausted. The outstanding amount in DSRA as on September 30, 2021 stood at Rs.10,808. The MMRA as on the same date stood as Rs 1.38 lakh.

The company had cash and bank balance of around Rs. 86 crore as on March 31, 2020 which has depleted to around Rs 7 crore as on March 31, 2021. Delay in receipt of annuity increased the likelihood of cash flow mismatch for timely debt servicing. Hence, the company applied for OTR which was approved by the lenders. However, supporting documents corroborating the same have not been furnished to CARE Ratings.

#### Delay in Major Maintenance and exposure to O&M/MM risk

Major Maintenance (MM) activity on three out of five projects have been completed. The MM activity for the 2 projects is dependent on receipt of annuities from the authority. Delay in MM activity may lead to levying of any damages in the form of reduced annuity from the Authority.

Considering the liquidity crunch faced by JRPICL, meeting regular O&M and other expense would be a challenge. Further, keeping in view the weak credit profile of the sponsors, ITNL (CARE D, INC), no comfort from the fixed price contract can be drawn as in case of any shortfall in routine and well as periodic maintenance arise, ITNL may not be in a position to meet the

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

same. Thus, ability of undertaking O&M within agreed budget in a timely manner as per the prescribed standard would remain a key rating sensitivity.

**Analytical approach:** Standalone

#### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's policy on Default Recognition](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Curing Period](#)

[Rating Methodology – Infrastructure Sector Ratings](#)

[Financial Ratios – Non-Financial Sector](#)

[Rating Methodology-Annuity Road Projects](#)

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

#### About the Company

The Government of Jharkhand (GoJ) has conceptualized a comprehensive programme titled the Jharkhand Accelerated Road Development Programme (JARDP) to improve road infrastructure in the state through Public Private Partnership framework. IL&FS won the bid and a Programme Development Agreement (PDA) was signed between GoJ and IL&FS Group for the improvement of 1500 km lane of selected project road corridors. Certain road stretches had been selected for development under this programme. The programme was being implemented under an SPV named Jharkhand Accelerated Road Development Company Limited (JARDCL), a JV between IL&FS group and GoJ with shareholding pattern in ratio of 74:26 respectively. In terms of the PDA, the GoJ and IL&FS group may take up the financing, construction, operation and maintenance of the roads either through JARDCL or through separate SPV's incorporated by GoJ and/or IL&FS. Accordingly, IL&FS group incorporated JRPICL for undertaking the design, engineering, financing, procurement, construction, operation and maintenance of the programme, on Build, Operate & Transfer (BOT) Annuity Basis. The promoters of JRPICL are ITNL (93.43%) and IL&FS (6.57%).

Separate Concession Agreements (CAs) have been signed between the GoJ (annuity provider), JARDCL (JV partner of GoJ for road development) and JRPICL (as concessionaire) for implementation of the projects in phases. JRPICL has implemented five different stretches of roads under JARDP details are provided above. All the projects are implemented in one balance-sheet though they have separate escrow arrangement and concession agreement for individual project lenders.

Brief Financials (Rs. crore)	FY20(A)	FY21 (A)
Total operating income	297.07	304.57
PBILDT	252.64	205.13
PAT	53.75	42.19
Overall gearing (times)	-12.37	-16.03
Interest coverage (times)	1.36	1.24

A: Audited Note: Financials are classified as per CARE's internal standards

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

## Annexure-1: Details of Instruments

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating outlook
Debentures-Non-Convertible Debentures	INE746N07176	May 05, 2017	8.40%	20-01-2021	6.84	CARE D; ISSUER NOT COOPERATING*
	INE746N07184			20-04-2021	6.38	
	INE746N07192			20-07-2021	7.38	
	INE746N07200			20-10-2021	7.28	
	INE746N07218			20-01-2022	7.11	
	INE746N07226			20-04-2022	6.99	
	INE746N07234			20-07-2022	7.79	
	INE746N07242			20-10-2022	8.12	
	INE746N07259			20-01-2023	8.71	
	INE746N07267			20-04-2023	8.36	
	INE746N07275			20-07-2023	8.11	
	INE746N07283			20-10-2023	7.58	
	INE746N07291			20-01-2024	7.65	
	INE746N07309			20-04-2024	7.69	
	INE746N07317			20-07-2024	6.95	
	INE746N07325			20-10-2024	6.37	
	INE746N07333			20-01-2025	7.48	
	INE746N07341			20-04-2025	7.68	
	INE746N07358			20-07-2025	8.16	
	INE746N07366			20-10-2025	7.34	
	INE746N07374			20-01-2026	7.97	
	INE746N07382			20-04-2026	5.06	
	INE746N07390			20-07-2026	9.86	
	INE746N07408			20-10-2026	9.72	
	INE746N07416			20-01-2027	9.5	
	INE746N07424			20-07-2027	10.57	
	INE746N07432			20-01-2028	11.52	
	INE746N07440			20-07-2028	11.52	
	INE746N07457			20-01-2029	6.89	
	INE746N07598			20-01-2021	19.61	
	INE746N07606			20-04-2021	18.31	
	INE746N07614			20-07-2021	21.19	
	INE746N07622			20-10-2021	20.89	
	INE746N07630			20-01-2022	20.4	
	INE746N07648			20-04-2022	20.05	
	INE746N07655			20-07-2022	22.34	
	INE746N07663			20-10-2022	23.29	
	INE746N07671			20-01-2023	24.97	
	INE746N07689			20-04-2023	23.98	
	INE746N07697			20-07-2023	23.24	
INE746N07705	20-10-2023	21.74				
INE746N07713	20-01-2024	21.94				
INE746N07721	20-04-2024	22.03				
INE746N07739	20-07-2024	19.91				
INE746N07747	20-10-2024	18.27				
INE746N07754	20-01-2025	21.44				
INE746N07762	20-04-2025	22.02				
INE746N07770	20-07-2025	23.42				
INE746N07788	20-10-2025	21.06				

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating outlook
	INE746N07796			20-01-2026	22.85	
	INE746N07804			20-04-2026	14.51	
	INE746N07812			20-07-2026	28.29	
	INE746N07820			20-10-2026	27.87	
	INE746N07838			20-01-2027	27.26	
	INE746N07846			20-07-2027	30.34	
	INE746N07853			20-01-2028	33.04	
	INE746N07861			20-07-2028	33.04	
	INE746N07879			20-01-2029	19.71	
	INE746N07010			20-07-2027	97.21	
	INE746N07028			20-07-2027	278.71	
	Total				<b>1275.51</b>	

\*Issuer did not cooperate; Based on best available information

#### Annexure-2: Rating History of last three years

Sr. No	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Debentures-Non Convertible Debentures	LT <sup>^</sup>	1275.51	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-Oct-20)2)CARE C; ISSUER NOT COOPERATING* (30-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (04-Apr-19)	1)CARE D (22-Jan-19)2)CARE BB- (SO) (CWN) (19-Jan-19)3)CARE A+ (SO) (CWN) (18-Jan-19)4)CARE A+ (SO); Stable (08-Oct-18)

<sup>^</sup>Long Term

\*Issuer did not cooperate; Based on best available information

#### Annexure 3: Complexity level of various instruments rated for this company

Sl. No	Name of instrument	Complexity level
1	Debentures-Non Convertible Debentures	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### Disclaimer

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