

Rating Rationale

Brickwork Ratings has Upgraded to ‘BWR A-’ the rating for long term Bank Loan facilities of ₹ 151.14 Cr for Adityapur – Kandra Road Project of Jharkhand Road Projects Implementation Company Limited

Brickwork Ratings has upgraded the **Rating¹** of Adityapur – Kandra Road Project of Jharkhand Road Projects Implementation Company Limited’s (JRPICL or the ‘Company’) fund based long term bank loan facilities to BWR A- (Outlook: Stable), for the facility sanctioned by Allahabad Bank & Dena Bank.

Facility	Present Amount (₹ Cr)	Previous Amount (₹ Cr)	Tenure	Present Rating	Previous Rating (Dated: Sep 2014)
Term Loans	151.14	171.93	Long Term	Upgraded BWR A- (Pronounced BWR Single A Minus) (Outlook – Stable)	BWR BBB+ (Pronounced Triple B Plus) (Outlook – Stable)
Total	151.14*	171.93	INR One Hundred Fifty One Crores & Fourteen Lakhs only		

*Bank wise breakup in Annexure I

BWR has principally relied upon the audited results up to FY16 and projected financials of Adityapur-Kandra Road Project up to FY23, publicly available information and information/clarifications provided by the Company’s management.

The rating has factored, inter-alia, the successful completion of the project with completion certificate and the availability of guarantee of semiannual annuity payment from Department of Road Construction, Government of Jharkhand (GOJ). However, the rating is constrained by due to initial phase of the completed project and that the major maintenance reserve has not yet been created fully.

Background:

Jharkhand Road Projects Implementation Company Ltd (JRPICL), incorporated on Aug 04, 2009, is a SPV incorporated by IL&FS Transportation Network Limited to undertake a comprehensive road infrastructure improvement programme in Jharkhand under Jharkhand Accelerated Road Development Programme (JARDP). JRPICL has implemented five road projects under different concession agreements with Government of Jharkhand on an annuity based revenue model.

The Adityapur - Kandra (AK) Road Project

The Adityapur-Kandra (AK) road project traverses through the area connecting Jamshedpur-Chaibasa State Highway, connecting important cities viz. Jamshedpur, Adityapur, Saraikela, Kharsawan & Chaibasa of the state and the Adityapur Industrial belt to Jamshedpur.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

AK Road in Jharkhand state is proposed to be improved to a proper 4 lane facility with service road to meet the substantial increase in the traffic caused by the on-going socio-economic and industrial development. Total length of the project road is 15.1 Kms (30.2 linear Kms). The road starts from Adityapur near Kharkhai Bridge on Jamshedpur-Chaibasa road and ends at Kandra junction of Adityapur-Kandra-Chaibasa road.

Towards execution of the project, a tripartite concession agreement has been entered into by GoJ, JARDCL (Jharkhand Accelerated Development Company Ltd) and JRPICL on August 6, 2011. The Concession period is 15 years and nine months from the Commencement date. The status of the project is under operation & maintenance.

Management Profile:

There are seven directors, among director Mr. Amit Garg is a director cum manager for JRPICL. Mr. Milan Chakravarti and Mr. Paresh Shah are independent directors.

Rating Outlook:

The rating revision derives strength from the receipts of the annuity payment of ₹ 22.91 Crs from Government of Jharkhand (GOJ) and routed through escrow mechanism, completion of the project and receipt of the completion certificate. The project being an annuity based project is subject to low revenue risk as the revenues are provided by GoJ in the form of semi-annual payments. The rating also factors in ITNL's expertise in implementing similar road projects, the financial support of the promoter-ITNL's undertaking to fund any major maintenance expenditure shortfalls, the banker's confirmation on the account being standard with no overdue /delay in serving of the debt / interest and Government of Jharkhand support of the project. The outlook for the Company is expected to be stable over the next one year.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

Jharkhand Road Projects Implementation Company Limited

Bank wise Breakup
Annexure I

₹ Cr	Allahabad Bank	Dena Bank
Term Loan	83.23	67.91
Long Term Loan	83.23	67.91

**Term loan o/s as on July 4, 2016*