

India Ratings Downgrades Jharkhand Road Projects Implementation Co.'s NCDs to 'IND D(SO)'; Off RWN

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By Asim Sharma

India Ratings and Research (Ind-Ra) has downgraded the rating on Jharkhand Road Projects Implementation Company Limited's (JRPICL) non-convertible debentures (NCDs) while resolving the Rating Watch Negative (RWN) as follows:

Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating	Rating Action
Senior, secured, redeemable NCDs (long-term)*	-	-	-	INR17,300 (outstanding INR16,284.40)	IND D(SO)	Downgraded; Off RWN

* Details in annexure

KEY RATING DRIVERS

The downgrade reflects JRPICL's default on the payment of redemption of NCDs due on 21 January 2019 to debenture holders, despite availability of sufficient cash. The debenture trustee on an instruction received from the debenture holders had directed the escrow bank to process the payment on the due date. According to the trustee communication to Ind-Ra, the escrow bank did not process the payment and the interest/principal payment was not made to the debenture holders on the due date. The rating action is in line with the Securities and Exchange Board of India regulations which direct credit rating agencies to recognise defaults on the 'one day one rupee' principle.

Ind Ra in its commentary "[IL&FS SPVs' Interpretation of NCLAT Ruling Places Project Financing Structure at Risk in India](#)", dated 15 January 2019, had provided an update on the same and highlighted the potential risk of the rating being downgraded to 'IND D'.

As on 14 January 2019, JRPICL had adequate cash of INR2.21 billion in debt service reserve account against a stipulation of INR2.11 billion and INR1.09 billion in major maintenance reserve account against a stipulation of INR1.03 billion, and surplus cash of INR1.28 billion.

RATING SENSITIVITIES

Positive: Timely debt servicing for at least three consecutive months could result in a positive rating action.

COMPANY PROFILE

In 2007, the government of Jharkhand (GoJ) launched 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 1,500 lane km 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 (ITNL; IND D), 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 Chaibasa Kandra Chowka Road. All these projects have separate concession agreements with the GoJ, along with separate escrow accounts.

FINANCIAL SUMMARY

Particulars	FY18	FY17
Revenue from operations (INR million)	2,555.24	2,410.08
Total income (INR million)	2,761.20	2,474.25
EBITDA (INR million)	2,328.70	1,947.39
EBITDA margin (%)	84.34	78.71
Debt/EBITDA (x)	9.10	9.62
EBITDA interest coverage (x)	0.89	0.71
Source: JRPICL		

RATING HISTORY

Instrument Type	Current Rating			Historical Rating/Rating Watch/Outlook	
	Rating Type	Rated Limits (million)	Rating	21 January 2019	3 August 2017
Senior, secured, redeemable NCDs	Long-term	INR17,300	IND D(SO)	IND BB-(SO)/RWN	IND AA(SO)/Stable

ANNEXURE

Instrument	ISIN	Date of Issue	Coupon Rate	Maturity Date	Issue Size (INR million)	Rating	Rating Action
NCD	INE746N07010	5 May 2017	9.31%	20 April 2027	1,591.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07028	5 May 2017	9.31%	20 April 2027	3,908.30	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07093	5 May 2017	9.51%	20 January 2019*	47.50	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07101	5 May 2017	9.51%	20 April 2019	43.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07119	5 May 2017	9.51%	20 July 2019	58.30	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07127	5 May 2017	9.51%	20 October 2019	56.50	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07135	5 May 2017	9.51%	20 January 2020	66.60	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07143	5 May 2017	9.51%	20 April 2020	61.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07150	5 May 2017	9.51%	20 July 2020	66.20	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07168	5 May 2017	9.51%	20 October 2020	62.00	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07176	5 May 2017	9.51%	20 January 2021	68.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07184	5 May 2017	9.51%	20 April 2021	63.80	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07192	5 May 2017	9.51%	20 July 2021	73.80	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07200	5 May 2017	9.51%	20 October 2021	72.80	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07218	5 May 2017	9.51%	20 January 2022	71.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07226	5 May 2017	9.51%	20 April 2022	69.90	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07234	5 May 2017	9.51%	20 July 2022	77.90	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07242	5 May 2017	9.51%	20 October 2022	81.20	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07259	5 May 2017	9.51%	20 January 2023	87.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07267	5 May 2017	9.51%	20 April 2023	83.60	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07275	5 May 2017	9.51%	20 July 2023	81.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07283	5 May 2017	9.51%	20 October 2023	75.80	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07291	5 May 2017	9.51%	20 January 2024	76.50	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07309	5 May 2017	9.51%	20 April 2024	76.90	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07317	5 May 2017	9.51%	20 July 2024	69.50	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07325	5 May 2017	9.51%	20 October 2024	63.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07333	5 May 2017	9.51%	20 January 2025	74.80	IND D(SO)	Downgraded; Off RWN

NCD	INE746N07341	5 May 2017	9.51%	20 April 2025	76.80	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07358	5 May 2017	9.51%	20 July 2025	81.60	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07366	5 May 2017	9.51%	20 October 2025	73.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07374	5 May 2017	9.51%	20 January 2026	79.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07382	5 May 2017	9.51%	20 April 2026	50.60	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07390	5 May 2017	9.51%	20 July 2026	98.60	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07408	5 May 2017	9.51%	20 October 2026	97.20	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07416	5 May 2017	9.51%	20 January 2027	95.00	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07424	5 May 2017	9.51%	20 July 2027	105.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07432	5 May 2017	9.51%	20 January 2028	115.20	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07440	5 May 2017	9.51%	20 July 2028	115.20	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07457	5 May 2017	9.51%	20 January 2029	68.90	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07515	5 May 2017	9.51%	20 January 2019*	136.00	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07523	5 May 2017	9.51%	20 April 2019	125.20	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07531	5 May 2017	9.51%	20 July 2019	167.00	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07549	5 May 2017	9.51%	20 October 2019	161.80	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07556	5 May 2017	9.51%	20 January 2020	191.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07564	5 May 2017	9.51%	20 April 2020	177.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07572	5 May 2017	9.51%	20 July 2020	190.00	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07580	5 May 2017	9.51%	20 October 2020	177.80	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07598	5 May 2017	9.51%	20 January 2021	196.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07606	5 May 2017	9.51%	20 April 2021	183.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07614	5 May 2017	9.51%	20 July 2021	211.90	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07622	5 May 2017	9.51%	20 October 2021	208.90	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07630	5 May 2017	9.51%	20 January 2022	204.00	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07648	5 May 2017	9.51%	20 April 2022	200.50	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07655	5 May 2017	9.51%	20 July 2022	223.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07663	5 May 2017	9.51%	20 October 2022	232.90	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07671	5 May 2017	9.51%	20 January 2023	249.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07689	5 May 2017	9.51%	20 April 2023	239.80	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07697	5 May 2017	9.51%	20 July 2023	232.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07705	5 May 2017	9.51%	20 October 2023	217.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07713	5 May 2017	9.51%	20 January 2024	219.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07721	5 May 2017	9.51%	20 April 2024	220.30	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07739	5 May 2017	9.51%	20 July 2024	199.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07747	5 May 2017	9.51%	20 October 2024	182.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07754	5 May 2017	9.51%	20 January 2025	214.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07762	5 May 2017	9.51%	20 April 2025	220.20	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07770	5 May 2017	9.51%	20 July 2025	234.20	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07788	5 May 2017	9.51%	20 October 2025	210.60	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07796	5 May 2017	9.51%	20 January 2026	228.50	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07804	5 May 2017	9.51%	20 April 2026	145.10	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07812	5 May 2017	9.51%	20 July 2026	282.90	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07820	5 May 2017	9.51%	20 October 2026	278.70	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07838	5 May 2017	9.51%	20 January 2027	272.60	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07846	5 May 2017	9.51%	20 July 2027	303.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07853	5 May 2017	9.51%	20 January 2028	330.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07861	5 May 2017	9.51%	20 July 2028	330.40	IND D(SO)	Downgraded; Off RWN
NCD	INE746N07879	5 May 2017	9.51%	20 January 2029	197.10	IND D(SO)	Downgraded; Off RWN
				Total	16,284.40	IND D(SO)	Downgraded; Off RWN

* Since 20 January 2019 was a Sunday, the maturity date has been revised to 21 January 2019, as per the debenture trust deed.

COMPLEXITY LEVEL OF INSTRUMENTS

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Applicable Criteria

[Rating Criteria for Infrastructure and Project Finance](#)

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