

Jorabat Shillong Expressway Limited

April 4, 2019

Ratings

Instruments	Amount (Rs. crore)	Rating ¹²	Rating Action
Senior Non-Convertible Debentures (NCDs)	592.42	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; based on best available information
Subordinate Non-Convertible Debentures (NCDs)	223.73	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; based on best available information
Total	816.15 (Rupees Eight hundred and sixteen crore and fifteen lakh only)		

Details of instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

Jorabat Shillong Expressway Limited (JSEL) has not paid the annual surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on JSEL's non-convertible debentures will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

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

Detailed description of the key rating drivers

At the time of last rating on March 4, 2019, the following were the rating weaknesses:

Key Rating Weaknesses

Default in debt servicing obligation despite the existence of ring-fenced structured payment mechanism: JSEL has defaulted on its debt obligation despite the existence of a ring-fenced structured payment mechanism (SPM); this indicates management's stance of making the payments only to operational creditors to remain a going concern and not making payments to senior secured financial creditors.

Weakened Credit profile of the sponsor and O&M contractor which has led deduction in annuity: JSEL is promoted by ITNL (CARE D). ITNL has also been appointed for the O&M of the project at a fixed price contract with an undertaking to fund any shortfall in the major maintenance expenses and routine maintenance expenses. On account of ITNL's weak credit profile there have been deficiencies in operations and maintenance and delays in the completion of the Umsning bypass. This has led to deduction in annuity by National Highway Authority of India (NHAI, rated CARE AAA; Stable)

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer

CARE's Policy on Default Recognition

Financial ratios – Non-Financial Sector

Rating Methodology – Infrastructure Sector Ratings

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Rating Methodology: Factoring Linkages in Ratings**About the Company**

Incorporated in June 2010, JSEL is a Special Purpose Vehicle (SPV) which initially was sponsored by ITNL (ITNL; rated CARE D; Issuer Not Cooperating) and Ramky Infrastructure Limited in the ratio of 50:50 shareholdings. Later in August 2018, ITNL purchased entire state from Ramky Infrastructure Limited and JSEL became 100% subsidiary of ITNL. JSEL has been awarded a concession by National Highway Authority of India (NHAI) (rated CARE AAA; Stable) for four-laning of the Jorabat Shillong (Barapani) section of National Highway – 40 in the states of Assam and Meghalaya. The Project highway is an existing road from Jorabat to Barapani starting at km 0.00 and ending at km 61.80 (approx. 61.92km about 247.68 lane kms). The project highway traverses through Meghalaya linking some of the most backward regions of the state and connecting Meghalaya to Assam. NH-40 is the main artery connecting Shillong, the capital of Meghalaya and the States of Mizoram and Tripura with Guwahati, the gateway to the North East of India. The appointed date for the project was January 12, 2011 with a 3 year construction period and 17 years of operations period during which NHAI would pay 34 semi-annuities to JSEL. The scheduled COD for the project was January 12, 2014, however there was 2-year delay in project implementation due to delay in handing over the land of around 8 km for the project and bypass land of around 5 km by the Authority to the Concessionaire. LIE has stated in its report that, there has been delay in project implementation largely on account of Authority (NHAI) & Govt of Meghalaya. Company has represented with NHAI for recognition of delay and payment of compensation, the matter is currently under arbitration. The project achieved provisional COD on January 28, 2016 and has received five full semi-annuities on regular basis.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	182.14	380.03
PBILDT	122.07	156.97
PAT	-19.60	-3.72
Overall gearing (times)	8.39	9.82
Interest coverage (times)	0.86	1.00

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	December 28, 2017	8.30	31-01-2030	592.42	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	December 28, 2017	8.45%	31-01-2030	223.73	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

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Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Debentures-Non Convertible Debentures	LT	592.42	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (04-Mar-19) 2)CARE BB (SO) (Under Credit watch with Negative Implications) (30-Jan-19) 3)CARE AAA (SO) (Under Credit watch with Negative Implications) (05-Oct-18)	1)CARE AAA (SO); Stable (15-Jan-18) 2)Provisional CARE AAA (SO); Stable (21-Nov-17) 3)Provisional CARE AAA (SO); Stable (14-Nov-17)	-	-
2.	Debentures-Non Convertible Debentures	LT	223.73	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (04-Mar-19) 2)CARE BB (SO) (Under Credit watch with Negative Implications) (30-Jan-19) 3)CARE AAA (SO) (Under Credit watch with Negative Implications) (05-Oct-18)	1)CARE AAA (SO); Stable (15-Jan-18) 2)Provisional CARE AAA (SO); Stable (21-Nov-17)	-	-

*Issuer did not cooperate; Based on best available information