



Press Release
RAJMATA JIJAAU ROAD NIRMITI PRIVATE LIMITED
October 29, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	24.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating to ‘**ACUITE A- (read as ACUITE A minus)**’ of Rs. 24.00 Cr. bank facility of Rajmata Jijaa Road Nirmiti Private Limited (RJRNPL). The outlook remains ‘**Stable**’.

Rating rationale for reaffirmation

The rating considers the completion of project before the scheduled time along with all the milestone payments received from PWD (Government of Maharashtra) and five annuity payments has been received by the company. Further, the rating factors in the adequate liquidity of the company in the form of DSRA created equivalent to 2 principal instalments and 12 months interest and escrow mechanism. Acuite has also considered the technical support and funding support in the form of corporate guarantees for the loan availed from the sponsor while arriving at the rating. However, the rating is constrained by risk related to delay in annuity payments and changes in operational and interest cost.

About the Company

Rajmata Jijaa Road Nirmiti Private Limited (RJRNPL), an SPV incorporated on 15th February 2019 was set up to implement the project for development, maintenance and management of state highways and major district roads in Maharashtra. It also undertakes upgradation to two-lane with paved shoulders as per IRC standards wherever required, for state highway HAM-78A. The project includes development from Washim Road to Lonar road, including Washim District HQ to Lonar Lake (15.98 kilometres), in Maharashtra. It is carried by Mr. Girish Bhagwat Chaudhari, Mr. Rajesh Prakash Chaudhari & Mr. Arjun Bhivasan Kat.

Unsupported Rating

Not Applicable

Analytical Approach

For arriving at the rating, Acuite has considered the standalone credit profile of RJRNPL. Further, Acuite has also considered DSRA which is created upfront equivalent to 2 principal instalments and 12 months interest and escrow mechanism, as specified in the loan sanction letter while arriving at the rating.

Key Rating Drivers

Strengths

Strong counterparty linked revenue profile

The company entered into a concession agreement with PWD Maharashtra for improvement to roads in Washim district in Maharashtra on 6th of March 2019. The company achieved COD in January 2022. The concession is granted to the company for 10 years after the CoD and during the concession bi-annual annuity payment would be paid by MPWD and the company has received five annuity payments for the completed project from July 2022. Along with annuity payments, interest shall be payable to RJRNPL on reducing balance of completion cost at a rate equal to applicable bank rate plus 3 per cent. MPWD shall also reimburse O&M expenses adjusted to Price Index

Multiple on the annuity payment dates to RJRNPL.

Strong operational and financial support from the sponsor

BNC Power Projects Limited (BNCPPL) has decades of experience in the civil construction, electrical-transmission and substations segments. The sponsor holds 50.02% shares of the company and provides funds and technical support to the project. The company has achieved revenues of Rs. 102.89 Cr till 31st August 2024.

BNCPPPL has a healthy order book of about ~Rs.1433 Cr. (unexecuted) till 31st August 2024 from electrical transmissions, substations and road divisions. The OB/OI stood at 4.33 times. The sponsor has provided corporate guarantee on debt facility of RJRNPL. Acuite believes that the sponsor is expected to provide technical or funding support in case of any exigency over the medium term.

Waterfall Mechanism in ESCROW account and Debt-service reserve account (DSRA)

The repayments for term loan will be recovered from Escrow account. RJRNPL has escrow mechanism through which cash flows from Authority is routed and used for payment as per the defined payment waterfall. Only surplus cash flow after meeting operating expense, debt servicing obligation, and provision for major maintenance expense, can be utilised as per borrower's discretion during the concession period. The debt service coverage ratio (DSCR) is expected to remain at over 1.30 times for the tenure of the loan. The company maintains DSRA in the form of fixed deposits to mitigate any unforeseen risk related to delay in annuity receipt.

Weaknesses

Susceptibility to risks related to delay in receipt of annuity and changes in operational cost & interest rate

As per the concession agreement, the company is expected to receive a semi-annual annuity. Any delay in timely receipt of the annuity could adversely impact debt-servicing ability. Along with fixed annuities, the project will receive interest payments on the balance annuities that are linked to the prevailing bank rate. The bank rate has reduced significantly in past couple of years which has impacted the project inflow as a large proportion of the cash inflow is from the interest on balance annuities. However, this risk is partially offset as the interest rate on debt is floating and is also expected to follow the trend in bank rates thus keeping DSCR in check. Further, the company is exposed to risks related to maintenance of the project. If the prescribed standards are not met, annuity payment may be reduced. Any significant delay and deduction in annuities could impact the debt servicing ability of the company. However, strong track record of sponsor, who is also the O&M contractor, is expected to mitigate this risk.

Rating Sensitivities

- Timely receipt of annuity payments from the Government
- Higher than expected O & M cost

Liquidity Position

Adequate

RJRNPL's liquidity position is adequate marked by continuous support from the sponsor BNC Power Projects limited (BNCPPPL). The project was completed as per schedule time and the company has started receiving the annuity from Maharashtra PWD since July'22. The DSCR is expected to be adequate, and the company will maintain DSRA and cash collateral of debt obligation will cushion liquidity. Fund support is likely from sponsor for any exigency including O&M and major maintenance expenses. Acuite expects the liquidity of RJRNPL is likely to remain adequate backed by consistent support from parent and government in terms of annuity payments.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1.61	3.08
PAT	Rs. Cr.	(0.29)	0.10
PAT Margin	(%)	(18.12)	3.22
Total Debt/Tangible Net Worth	Times	5.11	5.05
PBDIT/Interest	Times	0.84	1.06

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Aug 2023	Term Loan	Long Term	24.00	ACUITE A- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.80	Simple	ACUITE A- Stable Reaffirmed
Bank of Maharashtra	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2031	23.20	Simple	ACUITE A- Stable Reaffirmed

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About Acuité Ratings & Research

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