



**Press Release**  
**JIJAMATA ROAD NIRMITI PRIVATE LIMITED**  
**August 01, 2023**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	43.00	ACUITE A-   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	43.00	-	-

**Rating Rationale**

Acuite has assigned its long term rating of '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 43.00 Cr bank facilities of Jijamata Road Nirmiti Private Limited (JRNPL). The outlook is '**Stable**'.

The rating assigned considers the completion of project before the scheduled time along with all the milestone payments received from PWD and also three annuity payments has been received by the company till January'23. Further, the rating factors in the adequate liquidity of the company in the form of DSRA created equivalent to 12M instalments and 12M interest and escrow mechanism. However, the rating is constrained by risk related to delay in annuity payments and changes in operational and interest cost.

**About the Company**

Jijamata Road Nirmiti Private Limited (JRNPL), an SPV incorporated on 19th 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 of Road joining two District places in Jalana and Buldhana District (Buldhana- Dhad) with a length of 17.764 km, in Maharashtra.

**Analytical Approach**

For arriving at the rating, Acuite has considered the standalone credit profile of JRNPL. Further, Acuite has also considered DSRA equivalent to 12 months 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 Jalana and Buldhana districts in Maharashtra on 6<sup>th</sup> of March 2019. The project was completed in July 2021 well ahead of the scheduled completion date, thus earning early completion bonus. 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 the annuity payments for FY23 (Rs. 3.76 Cr received until January 31<sup>st</sup>, 2023) for the completed project. The company has received three annuities until January 2023 and is expected to receive the fourth annuity by July' 23. Along with annuity payments, interest shall be payable to JRNPL on reducing balance of completion cost at a rate equal to applicable

bank rate plus 3 per cent. MPWD shall also reimburse the O&M bid quote adjusted to Price Index Multiple on the annuity payment dates to JRNPL.

## **Strong operational and financial support from the sponsor**

The management team of the sponsor- BNC Power Projects Limited (BNC) has three decade long experience of the promoter in the civil construction and electrical-transmission and substations segments. BNC holds 60.02 percent shares of JRNPL and continuously provided funding as well as technical support to the project. The sponsor has a healthy order book of about Rs 1487.99 Cr. consisting of Rs 578.11 Cr. from electrification division, Rs 310.96 Cr. from railway division and Rs 598.92 Cr. from road segments, translating into an order book to operating income (OB/OI) ratio of ~6.36 times as on 30<sup>th</sup> June 2023.

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

The repayments for term loan will be recovered from Escrow account. JRNPL 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 1.4 times for the tenure of the loan. The company maintains DSRA equivalent to twelve months debt service obligation (principal and interest) in the form of fixed deposits and sufficient cash collateral to mitigate any unforeseen risk related to delay in annuity receipt etc. Furthermore, corporate guarantee has been given by the sponsor- BNC Power Projects Limited (BNC).

## **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 going forward

## **Material covenants**

The borrower/sponsor shall maintain DSRA which is to be created upfront, of an amount equivalent to the twelve months installments and twelve months of interest and all other obligations due and payable in respect of facility amount.

## **Liquidity Position: Adequate**

JRNPL's liquidity position is adequate marked by continuous support from the parent BNC. The project was completed before the scheduled time and the company has started receiving the annuity from Maharashtra PWD since January'22. The DSCR is expected to be adequate and the company will maintain DSRA for twelve months 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. Acuité expects the liquidity of JRNPL is likely to remain adequate backed by consistent support from parent and government in terms of milestone and annuity payments.

**Outlook: Stable**

Acuité believes that the outlook on JRNPL's rated facilities will remain 'Stable' over the medium term on account of steady flow of bi-annual annuity from the government coupled with strong support of sponsors. The outlook may be revised to 'Positive' in case of significant improvement in free cash flow from operations. Conversely, the outlook may be revised to 'Negative' in case of delays in receipt of the annuity or lack of timely support from the sponsor.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	6.47	24.23
PAT	Rs. Cr.	(1.47)	1.50
PAT Margin	(%)	(22.74)	6.18
Total Debt/Tangible Net Worth	Times	2.18	1.28
PBDIT/Interest	Times	0.67	1.62

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

Care Ratings, vide its press release dated August 30, 2022 had reaffirmed the rating of Jijamata Road Nirmiti Private Limited (JRNPL) to 'CARE BB+/Stable/A4+; ISSUER NOT COOPERATING'.

### Any other information

Not Applicable

### 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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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](http://www.acuite.in).

### Rating History :

None

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Maharashtra	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	43.00	ACUITE A-   Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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