



Press Release
JIJAU MU3 PROJECT PRIVATE LIMITED
December 06, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	14.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	43.09	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	57.09	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB**’-(read as **ACUITE triple B minus**)on Rs. 43.09 crore of bank facilities of Jijau MU3 Project Private Limited (JMU3PPL). The outlook is ‘**Stable**’. Further, Acuite has assigned its long-term rating of ‘**ACUITE BBB**’-(read as **ACUITE triple B minus**)on Rs.14.00 crore of bank facilities of Jijau MU3 Project Private Limited (JMU3PPL). The outlook is ‘**Stable**’.

Rationale for rating

The rating reaffirmation considers the completion of project along with receipt of all the milestone payments from Public Work Departments (PWD) of the Government of Maharashtra and receipt of eight annuity payments till October’2024. The rating also considers the moderate financial risk profile of the sponsor. Further, the rating factors in the adequate liquidity of the company maintained in the form of DSRA equivalent to 6 months of installments and interest payments. However, the rating is constrained by the payment risk related to delay in receipt of annuity payments and any changes in operational and interest cost, which could affect the debt serving capabilities of JMU3PPL.

Further, Acuite understands that there was a delay in receipt of the eighth annuity which was due in August’2024 which led to support being availed from DSRA by the bank for repayment due in September’2024. Moreover, the annuity was received in October’2024 and DSRA was revived immediately by the company.

Further, the current enhancement is on account of additional term loan of around Rs.17 crore availed by the company, which is passed on to promoter - Jijau Constructions Road Builders Private Limited in the form of interest paying inter corporate deposits.

About the Company

Jijau MU3 Project Private Limited (JMU3PPL), a SPV, setup by Jijau Constructions Road Builders Private Limited (JCRBPL) to undertake development of Hybrid Annuity Package No. MU-3 in the State of Maharashtra awarded by Public Works Department (PWD) of the Government of Maharashtra. The company entered into Concession Agreement (CA) on August 2018 with the PWD for a period of 10 years. Under the CA, it upgraded the Tembha Khardi Jawhar Jamsar Bopdari Ruighar road SH-77 in Palghar District on a Hybrid Annuity Mode.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of JMU3PPL to arrive at the rating

Key Rating Drivers

Strengths

Established track record of sponsor

The sponsor for the project, JCRBPL is engaged into Engineering Procurement Construction business since 2009. Over the years the company has established its presence in the Mumbai, Palghar and Thane districts of Maharashtra, worked majorly with government clients. Acuite believes that the established track record of the sponsor will support JMU3PPL, as and when required.

Reputed counter party giving healthy revenue visibility

The company entered into a concession agreement with PWD Maharashtra for improvement to roads in Palghar district in Maharashtra in August 2018. PWD Maharashtra being a reputed entity gives a healthy revenue visibility to the company. The company has received eight annuities until October 2024 and is further expected to receive 12 more semi annual annuity payments from the department. Along with annuity payments, interest is payable to JMU3PPL on reducing balance of completion cost at a rate equal to applicable bank rate plus spread. PWD Maharashtra shall also reimburse the O&M bid quote adjusted to price index multiple on the annuity payment dates to JMU3PPL.

Healthy DSCR coupled with DSRA maintenance

The company is expected to maintain a healthy DSCR of 1.54 times for the tenure of the loan. Further, the funds are routed through Escrow accounts under waterfall mechanism and the company also maintains DSRA equivalent to six months of debt service obligation (principal and interest) in the form of fixed deposits to mitigate any unforeseen risk related to delay in annuity receipt, etc.

Weaknesses

Payments risk due to delay in receipt of annuity

As per the concession agreement, the company is to receive semi-annual annuity payments for 10 yrs. Any delay in timely receipt of the annuity could adversely impact debt-servicing ability. Moreover, in order to avoid such circumstances, the company maintains a buffer of around one month between the receipt of annuity and the term loan repayment. Further, support from sponsor is expected for any such delays in future.

Acuite believes that going ahead the timely receipt of annuity, will be keenly tracked and shall be a key rating sensitivity.

Exposed to risk of any changes in operational cost & interest rate

Along with fixed annuities, the company also receives interest payments on the balance annuities at a rate equivalent of prevailing bank rate plus spread. Further, the company is exposed to risks related to maintenance of the project. Any delays in the maintenance of the project or changes in interest rates, will affect the annuity payments thereby impacting the debt servicing ability of the company.

Rating Sensitivities

- Timely receipt of annuity payments.
- Continued support from the sponsor

Liquidity Position

Adequate

While the company has faced delays in receiving few annuity payments, JMU3PPL's liquidity position is adequate. The DSCR is expected to be adequate and remain above 1.54 times going forward. The company also maintains DSRA for six months of principal and interest obligations. The company also maintains a provision for Major Maintenance Reserves expenses which are to be incurred in the ninth year after COD i.e 2029. Further, additional fund support from the sponsor is expected for any cost overruns or delays in annuity receipts.

Acuite expects the liquidity of JMU3PPL is likely to remain adequate backed by receipt of the annuities from the government and the significant amount of DSRA creation by JMU3PPL.

Outlook : Stable

Other Factors affecting Rating

Acuite has considered DSRA equivalent to 1 principal instalment and 6 months interest along with escrow mechanism, as specified in the loan sanction letter while arriving at the rating.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	11.22	25.59
PAT	Rs. Cr.	1.29	2.39
PAT Margin	(%)	11.53	9.36
Total Debt/Tangible Net Worth	Times	1.31	1.57
PBDIT/Interest	Times	1.32	1.59

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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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>

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
12 Jan 2024	Term Loan	Long Term	43.09	ACUITE BBB- 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.	3.61	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2029	39.48	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2029	14.00	Simple	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

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