

October 24, 2025

Jharkhand Central Railway Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based - Term loans	1,259.75	1,795.05	[ICRA]BBB+ (Stable); Reaffirmed; assigned for enhanced amount
Total	1,259.75	1,795.05	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Jharkhand Central Railway Limited' (JCRL) continues to factor in the strong credit profiles of JCRL's principal sponsors, Central Coalfields Limited (CCL, 64% stake) and Ircon International Limited (IRCON, 26% stake), and the strategic importance of the rail corridor to CCL's operations. The project is expected to support CCL's coal production ramp-up in North Karanpura, improving logistics efficiency and reducing costs, which will partly mitigate traffic fluctuation risks. The rating also factors in the high likelihood of its principal parent, CCL, extending need-based financial support, given the close business linkages between them. JCRL's 30-year concession agreement with the Ministry of Railways (MoR), including approval to charge inflated mileage, supports early cash flows and enhances project viability. The rating considers the fixed revenue-sharing clauses with the MoR for providing reserved services, which partly mitigate risks associated with an inadequate increase in freight rates to cover rising operations and maintenance (O&M) costs. The reaffirmation also factors in the steady progress of the under-construction greenfield railway line project being undertaken by the company and the expectation of its completion within the revised timelines and costs.

ICRA notes that in January 2025, JCRL's board approved a revision in the project cost to Rs. 2,564.34 crore (vs. initial cost Rs. 1,799.64 crore) and an extension in the scheduled commissioning date (SCD) by one year to June 30, 2026 (1st extension). The increase in project cost is mainly attributed to changes in scope, cost escalations, and revision in the goods and services tax (GST) rate. The project had achieved ~60% physical and financial completion as of June 2025 against the revised project cost (~78% compared to the initial project cost vs. ~56% as of June 2024). The increase in project cost will be funded in a debt-to-equity ratio of 70:30, with existing lenders already in advanced stages of sanctioning incremental debt. Meanwhile, JCRL has sufficient liquidity (~Rs. 65 crore as of September 2025 in fixed deposits in addition to undrawn term debt) to meet interest during construction (IDC) requirements for the next 7-8 months. The additional fund infusion by the sponsors has also commenced, with Rs. 60 crore pertaining to IRCON already received in October 2025, and the balance funding expected within FY2026. Also, in September 2025, JCRL signed a two-year MoU with NTPC Limited to begin coal transportation from Dauri goods siding to Shivpur. This agreement is expected to generate Rs. 8-9 crore annually in evacuation facility charges (EFC), providing early revenue before full commissioning.

Given the enhanced scope, the rating remains constrained by JCRL's exposure to high project implementation risks, which expose it to time and cost overrun risks. The company's sizeable dependence on external borrowings would lead to modest debt coverage metrics during the initial years after commissioning. The management has indicated that the project is likely to receive an additional extension in inflated mileage payment beyond five years from the SCD (till FY2040, as per the revised board-approved plan proposed by IRCON, the executing agency), given the maintenance of a minimum project internal rate of return (IRR) threshold. The rating also reflects the project's high sectoral concentration risk owing to its likely dependence on a single commodity (coal). A significant portion of traffic is expected from NTPC's Barh Super Thermal Power Plant, contingent on the timely completion of the Koderma-Tilaiya rail segment by East Central Railway. Delays in this segment could impact JCRL's cash flows.

The Stable outlook on the [ICRA]BBB+ rating reflects ICRA's opinion that JCRL will complete the project within the approved timelines, in the backdrop of IRCON's established track record in executing railway projects. The outlook underlines ICRA's expectation that JCRL's funding requirements will be met in a manner that is able to durably sustain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Strong financial profile of shareholders; strategic importance of rail corridor to CCL's expansion plans - The rating factors in the robust financial profile of JCRL's principal shareholders, CCL (holding a 64% equity stake) and IRCON (with a 26% shareholding), and the operational synergies between JCRL and CCL. JCRL's railway infrastructure will facilitate CCL's efforts to increase its annual coal production targets over the medium term. The rating also notes the undertaking provided by CCL and IRCON to bring in additional funds for meeting cost overruns, as well as any shortfall in debt service obligations in case of termination of the concession agreement (CA) prior to the achievement of the SCD. The rating further factors in the high likelihood of its principal parent, CCL, extending need-based financial support, given the close business linkages between them.

Long-term concession agreement provides earnings visibility - JCRL has signed a 30-year concession agreement (including a three-year construction period) with the MoR, which assures guaranteed traffic. Though there is no long-term contract, JCRL would benefit from the parentage of CCL and IRCON, as CCL can direct coal supply from its mines in the North Karanpura area to customers, having long-term fuel supply agreements (FSAs), through JCRL's network. ICRA notes that although the project has demonstrated progress in FY2025 (76% of the original project cost had been incurred till March 2025), its scheduled completion date stands revised to June 2026 vs. June 2025, mainly on account of the increased scope of work. In September 2025, JCRL signed a two-year MoU with NTPC to commence coal transportation from Dauri goods siding, near Simariya, to Shivpur in the near future. According to the terms of the MoU, JCRL will receive a monthly EFC based on the actual tonnage dispatched, which is projected to generate revenues of Rs. 8-9 crore annually prior to the COD.

Inflated mileage makes project return indicators attractive - JCRL would have access to three revenue streams: (a) 50% of the user fee (based on the actual distance traversed on JCRL's network), (b) 60% inflated mileage (additional distance) to be collected from users and retained entirely by JCRL, and (c) a terminal charge to be collected from coal consumers for using JCRL's network and infrastructure. The inflated mileage would account for ~50% of JCRL's overall annual revenue (net of the MoR share) and is a key reason behind the project's comfortable return indicators. Moreover, the inflated mileage reduces the capacity utilisation hurdle rate required to meet debt service obligations, with break-even system utilisation levels (for DSCR = 1 times) at the 50-60% level in the initial few years after the scheduled completion date. The management has indicated that the project is likely to receive an extension in inflated mileage payment beyond five years from the COD to maintain minimum project IRR thresholds in such projects.

Significant planned ramp-up in production from CCL's North Karanpura coalfield partly mitigates traffic fluctuation risks - As per CCL's capacity expansion plans, the North Karanpura coalfield, in future, would account for the majority of CCL's production. The mines of Magadh (51 MTPA peak-rated capacity), Amrapali (25 MTPA peak-rated capacity), Sanghmitra (20 MTPA), and Pachra (Chandragupta) (15 MTPA) are expected to steadily ramp up production in the near to medium term. The feasibility for the Shivpur-Kathautia single-track line has been prepared factoring in a traffic of around 21.5 MTPA (~1,075 million MT-km), mostly to the eastern power plants in Bihar and Jharkhand. The shorter lead distance, faster rake turnaround time, and lower trip costs following the commissioning of JCRL's railway line partly mitigate traffic fluctuation risks. Apart from CCL's own expansions in the North Karanpura coalfields, the rail corridor is also likely to benefit from traffic generated from NTPC's captive blocks such as Chatti Bariatu, Kerendari A, and Pakri Barwadih. In addition, private commercial mining at Chakla, Chitarpur, Gondulpara, North Dhadu, and Seregarha in the North Karanpura coalfield, with a cumulative peak-rated capacity of 25 MTPA, will further support traffic in the long term.

Fixed revenue share with MoR for reserve services mitigates risks associated with inadequate increase in freight rates - Most operating expenses for a railway special purpose vehicle (SPV) are fixed. As per the concession agreement with IR, JCRL will oversee the operation and maintenance of tracks, overhead lines, and signalling systems, whereas IR will be responsible for essential services such as supplying rakes, wagons, locomotives, crews, station management, and traction power. For these reserved services, IR will deduct 50% of the base user fee (excluding any adjustments for inflated mileage), which will help shield JCRL from risks related to delays in freight tariff changes. Consequently, JCRL is expected to maintain robust operating profitability margins, estimated at 80-90% once operations commence.

Credit challenges

High project implementation risks - JCRL is an SPV managing an under-construction railway project, wherein ~60% of the project cost as of September 2025, which has largely been deployed towards land acquisition and civil engineering work. The greenfield project still encounters considerable execution risk due to unfinished work; however, IRCON (holding a 26% stake in the SPV), which is executing the project and has experience with similar developments, partly offsets these risks.

Modest debt coverage metrics during initial years - JCRL's greenfield rail corridor has a revised budgeted cost of Rs. 2,564.34 crore (~43% increase over the original cost), driven by natural price escalation since the initial detailed project report (DPR) and changes in the scope of work to ensure compliance with technical requirements. The same will be funded in a debt-to-equity mix of 70:30, which necessitates tie-up for incremental fresh loans. ICRA understands that the loan is in advanced stages of tie-up and, of the incremental promoter contribution of Rs. 228.3 crore, around Rs. 60 crore has already been realised (the remaining expected to flow in within FY2026). A ramp-up to the peak traffic capacity is expected over a period of two years after COD, consequently, the project would demonstrate its full earnings potential from the third year onwards. This would keep the near-term debt service coverage ratio (DSCR) constrained, although inflated mileage revenue availability will support the same. JCRL's minimum DSCR is expected at ~1.1 times, even as the cumulative DSCR remains comfortable at ~1.7 times. Also, a long concession period with a tail period of nine years (after current debt repayment) provides the company with healthy flexibility to refinance debt.

Delay in commissioning of the Koderma - Tilaiya under-construction line by East Central Railways could impact traffic - A sizeable portion of the estimated network traffic on the Shivpur-Kathautia line is expected to come from the 5x660 MW Barh Super Thermal Power Plant of NTPC. With the commissioning of the Shivpur-Kathautia line by JCRL and the Koderma-Tilaiya under-construction line by the Indian Railways, coal traffic to the Barh Power Station would take a shorter route. ICRA understands from JCRL's management that the Koderma-Tilaiya line is likely to commence operations by March 2026. Before the completion of the Koderma-Tilaiya line, East Central Railway (ECR) is undertaking a project to improve rake capacity, which would support an increase in traffic on the Shivpur-Kathautia line being constructed by JCRL.

High sectoral concentration risk - JCRL is projected to earn almost all its revenue through coal transportation. As a result, any fluctuations in coal demand throughout the concession period are likely to have a significant impact on the company's earnings.

Liquidity position: Adequate

JCRL is expected to maintain limited liquidity on its books during the construction phase; however, liquidity is expected to remain adequate, supported by undrawn project debt (~Rs. 90 crore as of September 30, 2025) and free cash and liquid investments of ~Rs. 65 crore. Against the same, it has no repayment obligations until June 2027. The project's increased cost is expected to be funded through shareholder contributions (~Rs. 230 crore) and additional debt (~Rs. 535 crore). With backing from its resourceful sponsors, JCRL is expected to maintain strong financial flexibility.

Rating sensitivities

Positive factors – ICRA could upgrade JCRL’s rating if it commissions the project within the approved timelines and costs and is able to ramp up capacity utilisation in a timely manner to achieve traffic targets.

Negative factors – Pressure on JCRL’s rating could arise if the strategic importance of the project to CCL reduces and/or linkages with the parent Group weaken. Further, significant delays in execution leading to large cost overruns and sub-optimal project return indicators may lead to a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent/Group Company: Central Coalfields Limited (CCL) The rating assigned to JCRL factors in the high likelihood of its parent, CCL, extending financial support to it because of the close business linkages between them. ICRA also expects CCL to be willing to extend financial support to JCRL out of the need to protect its reputation from the consequences of a Group entity’s distress.
Consolidation/Standalone	The rating is based on the standalone financial statements of the rated entity.

About the company

Jharkhand Central Railway Limited (JCRL) is a special purpose vehicle (SPV) established for the construction, operation, and maintenance of a new broad gauge (BG) electrified railway line intended for the coal corridor from Kathautia to Shivpur (approximately 49 km) in Jharkhand, India. The railway line is designed to increase coal evacuation capacity from the North Karanpura coalfields of Central Coalfields Limited (CCL) to existing and planned power plants in Bihar, Jharkhand, Uttar Pradesh, Haryana, and Punjab. This line will serve as a railway feeder to the Eastern Dedicated Freight Corridor (EDFC), which connects Dankuni near Kolkata with Northern India.

JCRL was incorporated on August 31, 2015, following an inter-ministerial memorandum of understanding (MoU) between CCL, IRCON International Limited, and the Government of Jharkhand (GoJ) for the formation of joint venture companies/SPVs to execute specified railway projects in Jharkhand. JCRL’s shareholding structure comprises 64% held by CCL, 26% by IRCON, and 10% by the GoJ. The financial closure of the project (~Rs. 1,260 crore debt) was achieved in May 2022 and the construction started thereafter.

Key financial indicators

Since JCRL has not yet commissioned operations, the key financial indicators of the company are not meaningful.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Oct 24, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long Term	1,795.05	[ICRA]BBB+ (Stable)	Sep-25-24	[ICRA]BBB+ (Stable)	Jun-30-23	[ICRA]BBB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance*	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan-I	Nov 29, 2021	-	FY2041	419.75	[ICRA]BBB+ (Stable)
NA	Term loan-II	Nov 12, 2021	-	FY2041	400.00	[ICRA]BBB+ (Stable)
NA	Term loan-III	Nov 15, 2021	-	FY2041	240.00	[ICRA]BBB+ (Stable)
NA	Term loan-IV	Nov 15, 2021	-	FY2041	200.00	[ICRA]BBB+ (Stable)
NA	Unallocated	NA	-	NA	535.30	[ICRA]BBB+ (Stable)

Source: Company; *Date of first sanction, reduction in sanctioned amount and/or change in other terms through subsequent letters

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Annexure II: List of entities considered for consolidated analysis – Not Applicable

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