

Jabalpur Transmission Company Limited

Instrument	Amount	Rating Action
Term Loan	Rs. 1120.00 crore	[ICRA]A (Stable) assigned

ICRA has assigned an [ICRA]A (pronounced ICRA A) rating with Stable outlook to the Rs. 1120 crore¹ Term Loan facilities of Jabalpur Transmission Company Limited (JTCL)[†].

The assigned rating reflects strengths derived from successful commissioning of the project in Sep 2015 mitigating the execution related risks, healthy operational performance with adequate line availability for last six months and comfortable payment collection under the POC mechanism being operated by Power Grid Corporation of India Limited. Further, successful refinancing at lower rate of interest provides comfort to the financial risk profile of the company. ICRA also derives comfort from provision of DSRA comprising of one quarter debt repayment obligations. The rating also takes into account strong parentage, strategic importance for the promoters and assured offtake of power with an annuity based monthly tariff. The rating however remains constrained by moderate counterparty risk due to weak financial position of some of the power distribution companies in the country. However the project being a part of national grid, the risk is mitigated to a large extent by diversification of customer base due to POC mechanism. The project incurred considerable time overrun on account of delays in approvals, which has translated into sizeable cost overruns. The company has filed a petition for increase in monthly tariff on account of the cost overruns and approval for quantum of tariff increase is still pending. The project has already received refinancing of Rs. 1120 crore against initial debt of Rs. 876 crore, while additional Rs. 180 crore debt disbursement is contingent upon CERC approval. ICRA notes that financial risk profile of the company remains adequate at present and approval of tariff increase will help in further improvement.

Company Profile

In order to pursue the objective of encouraging private investment in transmissions sector, Ministry of Power (MoP), Government of India issued guidelines in 2006, intended to initiate a scheme for development of Independent Transmission Projects through private sector participation and system strengthening in India. Accordingly, it was proposed to construct 765 kV S/C quad line between Jabalpur and Bina and 765 kV D/C Hexa line between Daramjaygarh and Jabalpur as a part of system strengthening scheme. JTCL, incorporated on September 08, 2009, was established as a wholly owned subsidiary of Power Finance Corporation (PFC), which has been transferred to Sterlite Technologies Limited (STL) after they have been awarded the project. JTCL has constructed a total length of ~615 km, as part of the project. The project is implemented on Build, Own, Operate and Maintain basis (BOOM) basis and has a transmission service agreement (TSA) in place for 35 years.

March 2016

For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91 22 6114 3406)
shivakumar@icraindia.com

¹ 100 lakh = 1 crore = 10 million

[†] For complete rating definition, please refer to ICRA website www.icra.in or any of the ICRA Rating Publications.



© Copyright, 2016, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500